



METRO

Agenda

MEETING: METRO COUNCIL
DATE: September 20, 2007
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. AUDITOR'S 2007 ANNUAL REPORT Flynn

4. CONSENT AGENDA

4.1 Consideration of Minutes for the September 13, 2007 Metro Council Regular Meeting.

4.2 **Resolution No. 07-3863**, For the Purpose of Confirming the Council President's Appointment of Elisa J. Dozono to the Metropolitan Exposition Recreation Commission (MERC).

5. ORDINANCES – FIRST READING

5.1 **Ordinance No. 07-1158**, Amending the FY 2007-08 Budget and Appropriations Schedule Recognizing Changes in Elected Officials Salaries and Declaring an Emergency.

6. RESOLUTIONS

6.1 **Resolution No. 07-3868**, Authorizing Creation of Finance Plan for the Development of a 600-Room, Publicly Owned, Privately Operated, Convention Center Headquarters Hotel Project; Authorizing Execution of Development Agreement With Project Developer; and Authorizing Negotiations For Intergovernmental Agreements and Additional Project Funding. Park

6.2 **Resolution No. 07-3855**, Approving the Natural Areas Acquisition Refinement Plan for the Dairy and McKay Creeks Confluence Target Area. Newman

6.3 **Resolution No. 07-3856**, Approving the Natural Areas Acquisition Refinement Plan for the Wapato Lake Target Area. Newman

6.4 **Resolution No. 07-3857**, Approving the Natural Areas Acquisition Refinement Plan for the Chehalem Ridgetop to Refuge Target Area.

Newman

7. **CHIEF OPERATING OFFICER COMMUNICATION**

8. **COUNCILOR COMMUNICATION**

ADJOURN

Television schedule for September 20, 2007 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 -- Community Access Network www.tvctv.org -- (503) 629-8534 2 p.m. Thursday, Sept. 20 (live)	Portland Channel 30 (CityNet 30) -- Portland Community Media www.pcmtv.org -- (503) 288-1515 8:30 p.m. Sunday, Sept. 23 2 p.m. Monday, Sept. 24
Gresham Channel 30 -- MCTV www.mctv.org -- (503) 491-7636 2 p.m. Monday, Sept. 24	Washington County Channel 30 -- TVC-TV www.tvctv.org -- (503) 629-8534 11 p.m. Saturday, Sept. 22 11 p.m. Sunday, Sept. 23 6 a.m. Tuesday, Sept. 25 4 p.m. Wednesday, Sept. 26
Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.	West Linn Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times.

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, (503) 797-1542. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.metro-region.org and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

AUDITOR'S 2007 ANNUAL REPORT

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber



METRO

Office of the Metro Auditor

Annual Report

September 2007

Over 15 years ago voters added an auditor's office to Metro. The Auditor is independently elected to provide the independence and objectivity needed to conduct audits. I began my first term as Metro's Auditor in January of this year. Since taking office, I have hired new staff, reviewed and revised procedures and determined an audit schedule. Two audits will be released soon and my office will sponsor a new fraud hotline for Metro due to be available in November. Our office also developed and adopted a new mission statement and vision.

This first annual report represents work that was completed before my arrival. However, the data represents how I will continue to report to citizens annually on our activities and results. I look forward to serving you in the next four years.

Sincerely,

Suzanne Flynn
Metro Auditor

The Office of the Metro Auditor is a link between the public and Metro. It is in the public's interest to have Metro government operate the best that it can so that public resources are used wisely. It is in Metro's interest to be fully accountable to the public and achieve the public's trust and support. We are committed to serving the interests of the public by providing constructive investigations of Metro services.

Our Mission is to:

- Ensure that Metro is accountable to the public;
- Ensure that Metro activities are transparent; and
- Improve the efficiency, effectiveness and quality of Metro services and activities.

We do this by:

- Conducting independent and objective assessments, and
- Reporting our findings and recommendations.

It is our Vision to be completely relevant and efficient, choosing the right areas to audit and completing audits quickly so that Metro can constantly improve its services and be accountable to the public.

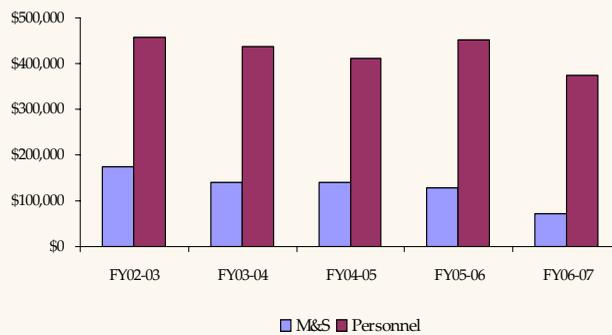
Values:

- Professionalism
- Wise and equitable use of resources
- Support findings with fact
- Balanced perspectives
- Ethical behavior
- Being open minded
- Respectful of others
- Credibility

Accomplishments

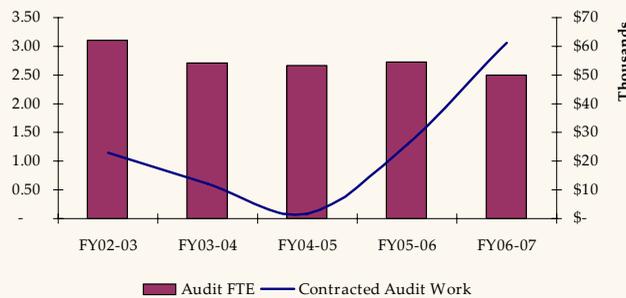
Visit our Website:
www.metro-region.org

Expenditures
(adjusted for inflation)



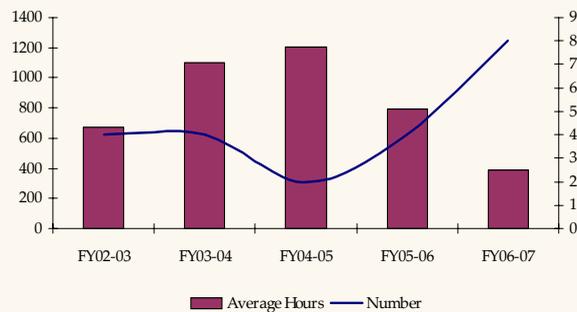
Expenditures decreased 29% in the last five years. The largest decrease was in Materials and Services (59%). This was caused primarily by a transfer of the funding for the annual external audit outside of the Office's budget. However, the budget has been reduced in all areas of spending.

Audit Staff and Contracted Work



The Office was budgeted for three full-time staff auditors each year in the last five years. However, because of turnover or unpaid leave, the actual staffing varied. The Office also includes the elected Metro Auditor and an executive assistant. In the first half of FY06-07, an increased amount of work was contracted out, most likely due to staff turnover. It is my general approach to not contract out audit work. Staff, over time, gains a level of expertise and understanding that can lead to more efficiency.

Average Hours Per Audit and Number of Audits



Because auditing is an expensive resource, it is important to use the resources wisely. At times, a larger, more comprehensive look at a program is necessary.

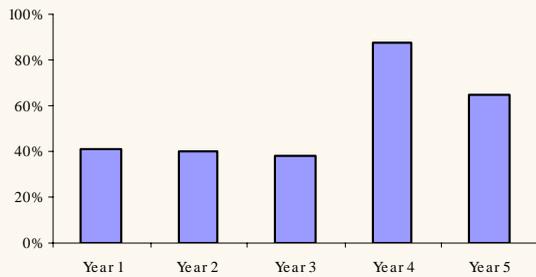
This chart shows the average hours per audit and the number of audits completed each fiscal year. In the years that the average hours per audit were larger, the number of audits completed was smaller.

Audit Wins Gold Knighton Award

The Auditor's Office has received its seventh award for audits performed by the department. The Gold Knighton Award is the top award for an audit in North America. Awarded at this year's Association for Local Government Auditors conference, the audit was on the Metropolitan Exposition Recreation Commission (MERC) management of facilities. The focus of the audit was to study facility care and capital improvement processes at MERC. The results of the audit identified areas of improvement such as evaluating staffing adequacy, tracking cleaning and maintenance activities, clarification on capital funding agreements spending criteria, among others.

Accomplishments

Implementation Rate 1-5 Years After Audit Issued

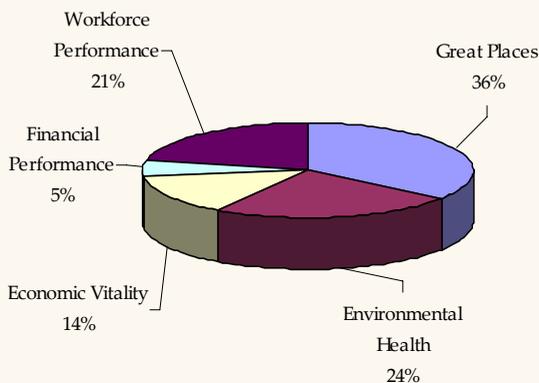


One way to measure audit effectiveness is to track the percentage of recommendations that are implemented. Because management is continuously evaluating and adjusting programs, recommendations can become irrelevant over time if not implemented. As a result, we track the implementation rate from one to five years after the audit is issued. The rate should be higher in the later years. For audits issued four and five years ago, the rate was higher (88% and 65%).

Audit Reports

Reports are available for download on our website, or you may contact the Auditor's Office at (503) 797-1892 to request a copy

Audits by Goal/Success Factor FY03-07



The Metro Council has identified four strategic goals: Great Places, Environmental Health, Economic Vitality and Smart Government, as well as factors that guide internal business processes and are critical for success. In the past five years, the Auditor's Office has focused about one-third of its resources in the area of critical success factors (workforce performance and financial performance) and the other two-thirds in the goal areas of Economic Vitality, Environmental Health, and Great Places.

Audit Schedule

	Start Date	Completion Date
• MERC Performance Measures	Underway	September 2007
• Open Spaces Program	Underway	October 2007
• System to Review Local Compliance with Metro Standards (Planning)	September 2007	January 2008
• TOD Grant Award Process	August 2007	January 2008
• Waste Reduction and Outreach	December 2007	August 2008
• Sustainability Management System	January 2008	September 2008

Questions or Suggestions?

Contact us at (503) 797-1892, or write us at:
Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232

Continuing Education

Metro Audit staff attend continuing education events throughout the year. Government Auditing Standards require that government auditors complete 80 hours of continuing professional education every two years. Our staff attends forums, workshops and conferences relative to performance auditing, as well as participate in an annual retreat that focuses on enhancing communication and benchmarking skills.

About Metro

Metro is the elected regional government that serves more than 1.3 million residents in Clackamas, Multnomah and Washington counties and the 25 cities in the Portland, Oregon, metropolitan area. Metro programs and planning tools help protect our air, water, parks, natural areas and fish and wildlife habitat. Metro also manages garbage disposal and recycling, as well as the Oregon Zoo, Oregon Convention Center, EXPO and Portland Center for Performing Arts.

Metro is governed by a council president elected regionwide and six councilors elected by district, as well as an auditor who is elected regionwide.

Metro Auditor Office Staff

Auditor Suzanne Flynn was elected in May 2006, and took office January 2007. Her background encompasses 16 years of local government experience, most recently as the elected auditor for Multnomah County.

Audit Office staff includes three full-time auditors - Debbie DeShais, Principal Management Auditor, Fred King, Senior Management Auditor, and Kristin Lieser, Senior Management Auditor. Providing support for the Auditor Office staff is Lisa Braun, Administrative Assistant.

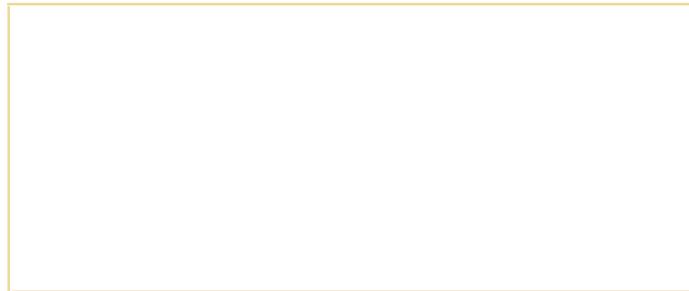
Office of the Auditor



METRO

600 NE Grand Ave.
Portland, OR 97232-2736

Address Service Requested



Agenda Item Number 4.1

Consideration of the Minutes of September 13, 2008 Metro
Council Regular Meeting.

Consent Agenda

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

Resolution No. 07-3863, For the Purpose of Confirming the
Council President's Appointment of Elisa J. Dozono to the Metropolitan
Exposition Recreation Commission (MERC)

Consent Agenda

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING) RESOLUTION No. 07-3863
THE COUNCIL PRESIDENT’S APPOINTMENT)
OF ELISA J. DOZONO TO THE METROPOLITAN) Introduced by David Bragdon,
EXPOSITION RECREATION COMMISSION) Council President

WHEREAS, the Metro Code, Section 6.01.030(a) provides that the Metro Council President shall appoint all members to the Metropolitan Exposition Recreation Commission; and

WHEREAS, the Metro Code, Section 6.01.030(b) provides that the Council President’s appointments to the Commission are subject to confirmation by the Metro Council; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(d)(1) Multnomah County has nominated Elisa J. Dozono as a candidate for membership on the Commission; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(e)(1), the Metro Council President has the authority to concur with Multnomah County’s nomination of Ms. Dozono or reject it; and

WHEREAS, the Metro Council President has concurred with Multnomah County’s nomination of Ms. Dozono, and submitted his appointment of Ms. Dozono to the Metro Council for confirmation; and

WHEREAS, the Council finds that Elisa J. Dozono has the experience and expertise to make a substantial contribution to the Commission’s work; now therefore

BE IT RESOLVED, that the Metro Council hereby confirms the Council President’s appointment of Elisa J. Dozono as a member of the Metropolitan Exposition-Recreation Commission, for a 4 year term as provided by the Metro Code, beginning on September 24, 2007.

ADOPTED by the Metro Council this _____ day of _____ 2007

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3863 FOR THE PURPOSE OF CONFIRMING A FOUR-YEAR APPOINTMENT OF ELISA J. DOZONO TO THE METROPOLITAN EXPOSITION RECREATION COMMISSION.

Date: August 21, 2007

Prepared by: Lake McTighe

BACKGROUND

The Metro Code, Section 6.01.030(a), gives the Metro Council President sole authority to appoint all members of the Metropolitan Exposition Recreation Commission, subject to confirmation by the Council. Section 6.01.030(d)(1) of the Code allows Multnomah County to nominate a candidate for appointment for the Council President's consideration. Under Section 6.01.030(e)(1) of the Metro Code, the Metro Council President has the authority to concur with Multnomah County's nomination and submit it to the Council for confirmation, or reject it.

Multnomah County has nominated Elisa J. Dozono as a candidate for membership on the Commission. The Council President has concurred with this nomination and accordingly submitted his appointment of Ms. Dozono to the Council for confirmation. If confirmed, Ms. Dozono will, pursuant to the Metro Code, serve a 4 year term beginning September 24, 2007.

A copy of Ms. Dozono's biography is attached.

Metro Chief Operating Officer Michael Jordan concurs with this appointment.

ANALYSIS/INFORMATION

1. Known Opposition.

None

2. Legal Antecedents.

Metro Code, as referenced above.

3. Anticipated Effects: (identify what is expected to occur if the legislation is adopted)

Appointment of Ms. Dozono in the manner provided by the Metro Code.

4. Budget Impacts.

None

RECOMMENDATION

The Chief Operating Officer recommends approval of Resolution 07-3863 to confirm the appointment of Elisa J. Dozono to the Metropolitan Exposition Recreation Commission and to begin serving September 24, 2007.

Elisa J. Dozono Biography

Elisa J. Dozono joined Miller Nash as an associate in the litigation department in 2006. She focuses her practice on business litigation and government relations. Ms. Dozono has over 11 years' experience in communications management and government relations, including corporate media manager for the Port of Portland, communications director for former Portland Mayor Vera Katz, and media relations director for former Oregon Governor John Kitzhaber's transition.

In 1996, Ms. Dozono led the Clinton/Gore campaign in Oklahoma. She has also worked as a news producer for Portland's KATU television. Before joining Miller Nash, Ms. Dozono externed for the Honorable Ann Aiken of the U.S. District Court of Oregon.

Professional Activities

Ms. Dozono is admitted to practice in Oregon. She is a member of the Oregon Minority Lawyers Association, Oregon Women Lawyers, and the Multnomah Bar Association.

Civic Activities

A fourth-generation Portlander, Ms. Dozono is active in Basic Rights Oregon, Planned Parenthood, Portland City Club, and local political campaigns. She has served as public relations chair for the Susan G. Komen Foundation Race for the Cure, as a Young Executive Board member of the Boys & Girls Clubs of Portland, and as a member of the board of directors of the Northwest District Association. Ms. Dozono is also on the Oregon Business Alliance Transportation subcommittee, Chair of the Finance Committee for the Democratic Party of Oregon, and, as of June 30, 2007 a member of the board of directors of the Japan America Society of Oregon

Education

Ms. Dozono received her bachelor's degree in journalism from Boston University's College of Communications. She earned her law degree and certificate in general business law from Lewis & Clark Law School in Portland, Oregon, where she was also a member of the Business Roundtable.

Personal Activities

Elisa enjoys running, skiing, reading, films, and traveling

Agenda Item Number 5.1

Ordinance No. 07-1158, Amending the FY 2007-08 Budget and Appropriations Schedule Recognizing Changes in Elected Officials Salaries and Declaring an Emergency.

First Reading

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND) ORDINANCE NO. 07-1158
APPROPRIATIONS SCHEDULE RECOGNIZING)
CHANGES IN ELECTED OFFICIALS SALARIES) Introduced by Mike Jordan, Chief Operating
AND DECLARING AN EMERGENCY) Officer, with the concurrence of Council
) President Bragdon

WHEREAS, the Metro Council has reviewed and considered the need to modify appropriations within the FY 2007-08 Budget; and

WHEREAS, the need for the change in appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

- 1. That the FY 2007-08 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance to recognize changes in elected officials salaries due to an increase in the circuit court judge salary.
- 2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this _____ day of _____, 2007.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

**Exhibit A
Ordinance No. 07-1158**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Council Office							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries & Wages</i>						
5000	Elected Official Salaries						
	Council President	1.00	95,800	-	15,332	1.00	111,132
	Councilor	6.00	191,598	-	28,446	6.00	220,044
5010	Reg Employees-Full Time-Exempt						
	Assistant to the Council President	1.00	81,130	-	0	1.00	81,130
	Chief Operating Officer	1.00	168,664	-	0	1.00	168,664
	Confidential Secretary	2.00	92,589	-	0	2.00	92,589
	Council Support Specialist	3.00	145,108	-	0	3.00	145,108
	Program Analyst III	1.00	50,957	-	0	1.00	50,957
	Program Supervisor II	1.00	73,904	-	0	1.00	73,904
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant II	1.00	33,874	-	0	1.00	33,874
5030	Temporary Employees		40,000		0		40,000
5080	Overtime		1,750		0		1,750
5089	Salary Adjustments						
	Elected Officials Adjustment		7,185		(7,185)		0
	Merit Adjustment Pool (non-represented)		12,288		0		12,288
	Other Adjustments (non-represented)		12,329		0		12,329
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		432,523		7,629		440,152
5190	PERS Bond Recovery		38,744		1,244		39,988
Total Personal Services		20.00	\$1,651,385	0.00	\$45,466	20.00	\$1,696,851
Total Materials & Services			\$155,085		\$0		\$155,085
Total Capital Outlay			\$30,000		\$0		\$30,000
TOTAL REQUIREMENTS		20.00	\$1,836,470	0.00	\$45,466	20.00	\$1,881,936

**Exhibit A
Ordinance No. 07-1158**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Office of the Auditor							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries & Wages</i>						
5000	Elected Official Salaries						
	Auditor	1.00	76,640	-	12,266	1.00	88,906
5010	Reg Employees-Full Time-Exempt						
	Principal Auditor	1.00	81,800	-	0	1.00	81,800
	Senior Auditor	2.00	133,494	-	0	2.00	133,494
5015	Reg Empl-Full Time-Non-Exempt						
	Auditor's Administrative Assistant	1.00	37,110	-	0	1.00	37,110
5020	Reg Emp-Part Time-Exempt						
5030	Temporary Employees		15,000		0		15,000
5089	Salary Adjustments						
	Elected Officials Adjustment		3,832		(3,832)		0
	Merit Adjustment Pool (non-represented)		3,666		0		3,666
	Other Adjustments (non-represented)		3,666		0		3,666
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		119,848		1,759		121,607
5190	PERS Bond Recovery		11,567		287		11,854
Total Personal Services		5.00	\$486,623	0.00	\$10,480	5.00	\$497,103
Total Materials & Services			\$30,180		\$0		\$30,180
TOTAL REQUIREMENTS		5.00	\$516,803	0.00	\$10,480	5.00	\$527,283

**Exhibit A
Ordinance No. 07-1158**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenses							
Total Interfund Transfers			\$11,320,221		\$0		\$11,320,221
<i>Contingency & Unappropriated Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* Contingency		3,315,651		(55,946)		3,259,705
	* Opportunity Account		500,000		0		500,000
	* Reserved for Future Planning Needs		300,000		0		300,000
	* Recovery Rate Stabilization reserve		2,311,588		0		2,311,588
	* PERS Reserve		2,796,058		0		2,796,058
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,000,000		0		2,000,000
	* Reserve for Future Natural Areas Operations		764,453		0		764,453
	* Tourism Opportunity & Comp. Account		96,655		0		96,655
	* PERS Reserve		2,796,056		0		2,796,056
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		352		0		352
	* Reserve for Future Debt Service		2,151,706		0		2,151,706
Total Contingency & Unappropriated Balance			\$17,122,519		(\$55,946)		\$17,066,573
TOTAL REQUIREMENTS		410.81	\$102,688,773	0.00	\$0	410.81	\$102,688,773

Exhibit B
Ordinance 07-1158
Schedule of Appropriations

	<u>Current</u>	Revision	<u>Revised</u>
GENERAL FUND	<u>Appropriation</u>		<u>Appropriation</u>
Council Office	1,836,470	45,466	1,881,936
Finance & Administrative Services	7,986,508	0	7,986,508
Human Resources	1,607,004	0	1,607,004
Metro Auditor	516,803	10,480	527,283
Office of Metro Attorney	1,866,238	0	1,866,238
Oregon Zoo	24,484,816	0	24,484,816
Planning	21,268,784	0	21,268,784
Public Affairs & Government Relations	1,819,550	0	1,819,550
Regional Parks & Greenspaces	6,000,682	0	6,000,682
Special Appropriations	4,982,517	0	4,982,517
Non-Departmental			
Debt Service	1,876,661	0	1,876,661
Interfund Transfers	11,320,221	0	11,320,221
Contingency	9,223,297	(55,946)	9,167,351
Unappropriated Balance	7,899,222	0	7,899,222
Total Fund Requirements	\$102,688,773	\$0	\$102,688,773

All Other Appropriations Remain as Previously Adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO.07-1158, AMENDING FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE RECOGNIZING CHANGES IN ELECTED OFFICIALS SALARIES AND DECLARING AN EMERGENCY

Date: August 22, 2007

Prepared by: Kathy Rutkowski

BACKGROUND

The Metro Charter ties elected official salaries to the salary of a circuit court judge set by the state legislature. The Council President's salary is 100 percent of a circuit court judge; a Councilor's salary is one-third of a circuit court judge salary; and the Metro Auditor receives a salary of 80 percent of a circuit court judge. The 2007 state legislature, through SB 994, increased the salary of a circuit court judge from \$95,800 to \$111,132 – a 16 percent increase. The bill also contains an emergency clause that allows the increase to take effect upon passage. The FY 2007-08 budget assumed a 5 percent increase in elected officials salaries effective January 1, 2008. This action requests a transfer of \$55,946 from the General Fund contingency to the Council Office or Office of Metro Auditor to fund the following salary associated benefit increases:

	Adopted Budget	Revised Budget	Change
Council President	\$95,800	\$111,132	\$15,332
Councilor	\$191,598	\$220,044	\$28,446
Auditor	\$76,640	\$88,906	\$12,266
Salary Adjustment Pool	\$11,017	\$0	(\$11,017)
Fringe Benefits	\$167,223	\$178,142	\$10,919
<i>Total Personal Services</i>	<i>\$542,278</i>	<i>\$598,224</i>	<i>\$55,946</i>

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.
- 3. Anticipated Effects:** The Metro Charter ties Metro elected official salaries to the salaries of a circuit court judge. The 2007 state legislature, through SB994, increased the circuit court judge salary for the year beginning July 1, 2007. This action implements legislative action and charter requirements regarding Metro elected official salaries.
- 4. Budget Impacts:** This action transfers \$55,946 from the General Fund Contingency to the Council Office or Office of Metro Auditor to recognize increased salaries and associated benefits due to legislative action to increase the circuit court judge salary.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

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KR:
8/22/2007 8:01 AM

Resolution No. 07-3868, Authorizing Creation of Finance Plan for the Development of a 600-Room, Publicly Owned, Privately Operated, Convention Center Headquarters Hotel Project; Authorizing Execution of Development Agreement With Project Developer; and Authorizing Negotiations For Intergovernmental Agreements and Additional Project Funding.

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

BEFORE THE METRO COUNCIL

RESOLUTION OF METRO COUNCIL)
AUTHORIZING CREATION OF FINANCING)
PLAN FOR THE DEVELOPMENT OF A 600-)
ROOM, PUBLICLY OWNED, PRIVATELY)
OPERATED, CONVENTION CENTER)
HEADQUARTERS HOTEL PROJECT;
AUTHORIZING EXECUTION OF
DEVELOPMENT AGREEMENT WITH
PROJECT DEVELOPER; AND
AUTHORIZING NEGOTIATIONS FOR
INTERGOVERNMENTAL AGREEMENTS
AND ADDITIONAL PROJECT FUNDING

RESOLUTION NO. 07-3868

Introduced by Metro Council President
David Bragdon

WHEREAS, the Metro Council is responsible for the operation of the Metropolitan Exposition and Recreation Commission (MERC), including the Oregon Convention Center (OCC); and

WHEREAS, the mission of the OCC is to maximize economic benefits for the metropolitan region and the state of Oregon, while protecting the public investment in the facility; and

WHEREAS, independent studies have confirmed that national conventions provide the greatest economic impact to the OCC and the region; and

WHEREAS, the demand for national conventions at the OCC has leveled off in recent years; and

WHEREAS, Metro and MERC have considered multiple policy alternatives to ameliorate this situation and to address the stated mission of the OCC; and

WHEREAS, a series of reports by independent consultants were completed to analyze the causes of the decrease in national conventions at the OCC and also to analyze suggested alternatives; and

WHEREAS, the consulting firm ECONorthwest was commissioned to review the methodology and conclusions of these reports, and to assist Metro and MERC in conducting an analysis of multiple alternatives to address the OCC's mission; and

WHEREAS, ECONorthwest has recommended that, based on available studies and evidence, the development of a 600-room, publicly owned, privately operated headquarters hotel adjacent to the Oregon Convention Center (the "Project") is the course of action that will generate the greatest benefit to the OCC and to the region; and

WHEREAS, in order to increase national conventions hosted at the OCC, it is also necessary to enhance the incentives package that is currently offered to prospective conventions through the Visitor Development Fund; and

WHEREAS, Metro's Chief Operating Officer (COO) has determined that under currently available financial resources, Metro does not have the financial ability to adequately finance the Project without putting Metro's general fund and existing programs at undue risk and that the Project may be financially feasible only if Metro is able to secure additional funding from other sources; and

WHEREAS, Metro and MERC staff have reviewed the ECONorthwest alternatives analysis, the other consultant reports, and the financial analyses provided by Metro's financial advisors and Project underwriter, and recommend pursuing the development of a 600-room, publicly owned, privately operated headquarters hotel adjacent to the OCC, only if additional financing is identified and other contingencies are met; and

WHEREAS, on February 8, 2007, Metro Council adopted Resolution No. 07-3748A, Adopting Findings Granting an Exemption to Metro and MERC Contracting Rules, Authorizing Exclusive Negotiations with the Selected Project Team; and Authorizing Use of Alternative Contracting Methods for Design, Construction, Management and Operation and Financing of the OCC Headquarters Hotel which accepted the results of the Portland Development Commission's (PDC) public contracting process and authorized Metro and MERC staff to enter into exclusive negotiations with the Development Team identified and recommended by the PDC's competitive process, the Headquarters Hotel Developer Selection Process and the OCC Headquarters Hotel Evaluation Committee: Garfield Traub Development/Ashforth Pacific Inc., Developer, and the Development Team of the architectural firm Zimmer Gunsul Frasca; the construction firm Turner Construction Inc., and the hotel operator/flag Starwood Hotels/Westin, for the purpose of developing, designing, constructing, and operating a Oregon Convention Center Headquarters Hotel, if such agreements can be negotiated that adequately protect Metro's financial interests and overall purposes in engaging in the Project, and those negotiations have been ongoing since that time;

NOW THEREFORE, BE IT RESOLVED THAT:

1. **Authorization for Metro's Chief Financial Officer to Develop Financing Plan for the Project:** The Metro Council hereby authorizes and directs the Metro Chief Financial Officer (CFO) to work with the Project underwriter, Piper Jaffray, and Metro's financial advisor, Seattle Northwest Securities, to work to develop a financing plan for the Project, which financing plan shall call for the adequate funding of debt service, capitalized bond interest, bond insurance, sinking fund requirements, and other financing requirements as well as addressing reasonable risk scenarios. The Financing Plan should protect Metro's general fund and existing programs from undue risk; and such Project Financing Plan shall be contingent upon the review and specific approval of the Metro Council; and
2. **Authorization to Execute Development Agreement with the Developer, Garfield Traub-Ashforth Pacific (GTA):** The Metro Council hereby authorizes

and directs the Metro COO to execute a Development Agreement with the Developer, GTA, in a form substantially similar to that which has been negotiated to date, or in a form approved by the Office of the Metro Attorney, which agreement shall include but not be limited to a requirement that the Development Team obtain and provide to Metro in the first phase conceptual designs of the Project, a preliminary Project budget, and all necessary agreements with the hotel operator Westin/Starwood, and any other agreements with the Development Team as are necessary to the successful development of the Project, as determined by the Office of Metro Attorney, and that in the second phase of the agreement that the Development Team provide a 90% certain guaranteed maximum price for the Project as well as 90% designs; and

3. **Authorization to Seek and Secure Additional Funding Sources:** The Metro Council hereby authorizes and commits itself, together with the MERC Commissioners, to take the lead in identifying and negotiating with Project and OCC beneficiaries with the goal of securing additional sources of necessary funding for the Project. OCC and Project beneficiaries include but are not limited to: the City of Portland, the Portland Development Commission, Multnomah County, the State of Oregon, the Port of Portland, the lodging and hospitality industry, and other direct and indirect Project beneficiaries; and
4. **Authorization to Negotiate Intergovernmental Agreements (“IGAs”) or Other Agreements to Implement Project Financing Plan, Land Transfer, and Formalize Additional Project Funding Sources:** The Metro Council hereby authorizes and directs the Metro COO and the Office of Metro Attorney to negotiate with other public entities, including the PDC, the City of Portland, Multnomah County, the Port, and the State of Oregon, as well as any direct and/or indirect Project beneficiaries, to secure additional funding for the Project as may be determined necessary or beneficial by the Metro CFO and Metro’s financial advisors; however, any IGAs or financing or other agreements that may be negotiated under this provision shall be contingent upon the review and specific approval of the Metro Council.

5. **Direct MERC to Review Need for Additional Resources.** The Metro Council hereby directs MERC to review the need for additional resources for marketing expenses, as well as to provide an adequate level of funding for OCC capital and operations. Final recommendations shall be forwarded to Metro for approval prior to the Metro Council adopting a financing plan for the Project.

ADOPTED by the Metro Council this _____ day of _____, 2007.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Alison Kean Campbell, Metro Senior Assistant Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3868, RESOLUTION OF THE METRO COUNCIL AUTHORIZING CREATION OF FINANCING PLAN FOR THE DEVELOPMENT OF A 600-ROOM, PUBLICLY OWNED, PRIVATELY OPERATED, CONVENTION CENTER HEADQUARTERS HOTEL PROJECT; AUTHORIZING EXECUTION OF DEVELOPMENT AGREEMENT WITH PROJECT DEVELOPER; AND AUTHORIZING NEGOTIATIONS FOR INTERGOVERNMENTAL AGREEMENTS AND ADDITIONAL PROJECT FUNDING

Date: September 6, 2007

Prepared by: Nick Popenuk

BACKGROUND

Metro owns and operates the Oregon Convention Center (OCC) as a public asset. The mission of the OCC is to “maximize economic benefits for the metropolitan region and the State of Oregon while protecting the public investment in the facility.”

Large-scale, national conventions generate the greatest revenue for the OCC and provide the greatest economic benefit to the region. In recent years, bookings for high-impact national conventions at the Oregon Convention Center have leveled off. In February, the Metro Council asked MERC and Metro staff to investigate alternatives that could ameliorate this situation. A series of reports by independent consultants were completed to analyze the causes of the decrease in national conventions and also to analyze suggested alternatives. The consulting firm ECONorthwest was commissioned to review the methodology and conclusions of the reports. ECONorthwest’s analysis of the reports and alternatives is included as exhibit B.

STAFF RECOMMENDATION

Metro and MERC staff’s and ECONorthwest’s analyses of the consultants’ reports and of Metro and MERC’s facilities’ and economic data indicate that developing a 600-room, publicly owned, privately operated headquarters hotel adjacent to the Oregon Convention Center will generate the greatest benefits to the OCC and to the region. Identifying funding to increase the existing incentives packages provided to prospective conventions would also be necessary for increasing national conventions at the OCC. The findings also indicate that to compete in the national convention marketplace, the OCC must continue to receive an adequate level of public funding for marketing and operations, as is the norm for other convention centers throughout the nation. This recommendation is premised on the mission of the OCC, as stated above, “to maximize economic benefits

for the region and the State of Oregon while protecting the public investment in the facility.”

Metro’s Chief Financial Officer has worked with Metro’s independent financial advisors Seattle Northwest Securities Corporation, and with Metro’s selected underwriter, Piper Jaffray, to evaluate the financial feasibility of developing a 600-room, publicly owned, privately operated hotel (“the Project”). Metro’s Chief Financial Officer has determined that under currently available financial resources, Metro does not have the financial ability to adequately finance the Project without putting Metro’s general fund and existing programs at undue risk. Metro’s Chief Financial Officer has determined that the Project may be financially feasible only if Metro is able to secure additional funding from other sources than those that are currently available. It is therefore the recommendation of Metro’s Chief Operating Officer and Metro’s Chief Financial Officer that, although the evidence strongly suggests that a 600-room, publicly owned and privately operated convention center headquarters hotel adjacent to the Oregon Convention Center would increase the long-term economic vitality of the OCC, the City of Portland, the metropolitan region, and the State of Oregon as a whole, that Metro only develop such a Project if additional financial resources are identified within the timeframe necessary for the upcoming pre-development period for the Project and that the following are each identified:

- A Project financing plan that adequately funds debt service, risk scenarios, capitalized bond interest, bond insurance, and sinking fund requirements;
- Protects Metro’s general fund and existing programs from undue risk.

Successful development of the Project if the above financial resources are identified will also be contingent upon:

- Metro entering into a satisfactory development agreement with the Project developer, Garfield Traub-Ashforth Pacific (GTA) and previously selected Project Team;
- Garfield Traub-Ashorth Pacific delivering a Project Guaranteed Maximum Price that is in line with the financing plan developed;
- Metro entering into any necessary Intergovernmental Agreements with the City of Portland, the Portland Development Commission, Multnomah County, and other parties to implement a proposed financing plan and development; and
- Sufficient financial contributions are obtained from other sources to adequately protect Metro and create a favorable financing package for the Project.

In addition to pursuing a 600-room, publicly owned, privately operated headquarters hotel, staff recommend MERC review the need for additional resources for marketing expenses, as well as to provide an adequate level of funding for OCC capital and operations.

ANTICIPATED EFFECTS

If the Metro Council accepts the staff recommendation to proceed with this Project only if the necessary additional financial resources can be identified in the necessary timeframe, then Metro's Chief Financial Officer, its financial advisors, Project underwriter, and the Office of Metro Attorney will attempt to develop a financing plan that adequately meets the conditions set forth herein. Simultaneously, the Metro Council and MERC will take the lead on identifying and convening OCC beneficiaries with the goal of securing additional sources of necessary funding for the Project. The Office of Metro Attorney will continue to engage in and finalize negotiations with GTA and enter into a Development Agreement that meets the Council's and the Project's financing plan requirements. If adequate additional funding is committed to the Project and necessary Intergovernmental Agreements and development contracts have been finalized, Metro staff will return to the Metro Council in 5 to 7 months with a final recommendation, and the Metro Council will decide whether or not to implement the financing plan and finalize development of the Project.

BUDGET IMPACTS

GTA will require payment for work that will be necessary to obtain updated construction costs and a guaranteed maximum price for the Project. During the first phase of the Project, outlined in the development agreement, lasting 5 to 7 months, GTA will deliver a preliminary budget for the Project which will provide an approximate 50% maximum project price; conceptual design drawings, and any and all necessary agreements with the General Contractor, the Project Architect, and the hotel operator, Starwood/Westin, and during which time Metro, together with its financial consultants and Project underwriter, shall prepare a financing plan for the Project. The Development Agreement calls for the Development Team to be paid approximately \$600,000 for its services during the initial 5 – 7 month phase, which will be initially paid for out of the OCC Operating Fund. The proposed Development Agreement permits Metro to terminate the development agreement and the Project at the end of this phase with no further liability to Metro.

If Metro does not terminate the Project during this first phase, the Development Agreement calls for the Development team to move to the Pre-Development & Design Period of approximately one year, during which time the Developer will deliver 90% construction drawings and a Guaranteed Maximum Price for the Project. The Development Agreement calls for the Development Team to be paid approximately \$4 million for these services during the Design & Development Period to cover architectural fees and a portion of the Developer's fee, which shall be credited against the Guaranteed Maximum Price and ultimate Developer's Fee for the Project. It is expected that the PDC will share equally in the pre-construction payment of these Project Development fees. If bonds are ultimately issued for the Project, these Development Fees will be reimbursable to Metro out of the bond proceeds.

In pursuing the Project, Metro will also need to continue the current contract with Seattle Northwest for additional financial advice on the Project. Additional professional project

management services will also be necessary, and Metro will need to contract with an experienced project management firm or policy manager to ensure the Project proceeds in an efficient and timely fashion. Several Metro departments will need to devote staff time to the Project, including: Metro Council Office, Office of the Metro Attorney, Office of the Chief Operating Officer, Public Affairs and Government Relations, Finance, MERC and the Oregon Convention Center.

KNOWN OPPOSITION

Some hoteliers have expressed concern that the hotel will negatively impact their businesses. Some individuals have expressed opposition to the public sector undertaking a development of this size and scope. Some individuals have expressed an opinion that the project is too risky.

LEGAL ANTECEDENTS

On February 8, 2007 the Metro Council passed two resolutions and one ordinance regarding the Oregon Convention Center Headquarters Hotel Project: Resolution No. 07-3772, “A resolution Designating the Oregon Convention Center Headquarters Hotel as a Council Project and Assigning a Lead Councilor and Council Liaison”, Resolution No. 07-3748A “Adopting Findings Granting an Exemption to the Metro and MERC Contracting Rules, Authorizing Exclusive Negotiations with the Selected Project Team; and Authorizing Use of Alternative Contracting Methods for Design, Construction, Management, and Operations and Financing of the OCC Headquarters Hotel”, and Ordinance 07-1140, “For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule Amending the Metropolitan Exposition Recreation Commission (MERC) Operating Fund and Declaring an Emergency”.

Metropolitan Exposition Recreation Commission

Resolution No. 07-26

FOR THE PURPOSE OF APPROVING THE CONCEPT OF A 600-ROOM PUBLICLY FINANCED, PRIVATELY OPERATED CONVENTION CENTER HEADQUARTERS HOTEL AND REQUESTING THE METRO COUNCIL TO AUTHORIZE THE FOLLOWING: CREATE A FINANCING PLAN FOR SUCH A FACILITY, EXECUTE AN AGREEMENT WITH THE PROJECT'S DEVELOPER; AND NEGOTIATE FOR INTERGOVERNMENTAL AGREEMENTS AND ADDITIONAL PROJECT FUNDING

WHEREAS, Metro is the parent government for the Metropolitan Exposition and Recreation Commission (MERC), which is responsible for management of the Oregon Convention Center (OCC); and

WHEREAS, the mission of the OCC is to maximize economic benefits for the metropolitan region and the state of Oregon while protecting the public investment in the facility; and

WHEREAS, independent studies confirm that national conventions at the OCC provide the greatest economic benefits to the region and state; and

WHEREAS, there has been little or no growth in demand for national conventions at the OCC in recent years; and

WHEREAS, those responsible for marketing OCC to event planners report the overwhelming reason for national conventions bypassing OCC is the absence of a headquarters hotel adjacent to the OCC; and

WHEREAS, reports by independent consultants conclude that a 600-room headquarters hotel adjacent to the OCC is the best option to improve OCC's ability to attract national conventions and achieve economic benefits for the region and state; and

WHEREAS, ECONorthwest reviewed the methodology and conclusions of these consultants, as well as analyzing other alternatives, and concurs with the recommendation to build a 600-room headquarters hotel adjacent to the OCC; and

WHEREAS, after two years of study and analysis, the Portland Development Commission (PDC) concluded the only feasible alternative is a publicly owned, privately operated headquarters hotel and undertook an open and competitive procurement process to choose such a team; and

WHEREAS, there are advantages to public ownership of a headquarters hotel designed to help achieve the mission of a publicly owned convention center, which include lower cost financing instruments and the capture of owner profits; and

WHEREAS, the Metro Council, in Resolution # 07-3748A adopted February 2007, accepted the results of the PDC's public process and authorized Metro and MERC staff to enter into exclusive negotiations with the team of Garfield Traub Development/Ashforth Pacific Inc., developer; Zimmer Gunsul Frasca, architects; Turner Construction Inc., contractors; and Starwood Hotels/Westin, operator; to develop, design, build and operate an Oregon Convention Center Headquarters Hotel, if such agreements can be negotiated that adequately protect Metro's financial interests and the overall purposes of the project;

WHEREAS, the headquarters hotel is the top priority in MERC's recently adopted Strategic Business Plan; and

WHEREAS, this project will be the catalyst for redevelopment and revitalization of the nearby Lloyd District; and

WHEREAS, other governmental entities also will benefit from tax revenues generated by construction and operation of the OCC headquarters hotel; and

WHEREAS, Metro's Chief Operating and Financial Officers have determined the project is financially feasible with additional funding sources to cover Metro's risk; and

WHEREAS, the headquarters hotel is essential to attracting national conventions to the OCC, it also is necessary to ensure adequate funds to market OCC to national convention planners and generate adequate financial reserves to operate and maintain the OCC;

NOW THEREFORE, BE IT RESOLVED THAT:

After reviewing independent studies and testimony by individuals and groups and in consideration of the OCC's mission to generate the greatest economic benefits to the region and state, the Metropolitan Exposition Recreation Commission, (MERC) endorses the concept of a publicly owned, privately operated 600-room headquarters hotel adjacent to the OCC and requests the Metro Council to take the following actions:

1. **Authorize a Development Agreement with Garfield Traub-Ashforth Pacific (GTA):** MERC recommends proceeding with a development agreement that produces a final schematic design for the headquarters hotel, establishes a guaranteed maximum price, provides for a developer investment in the project and agrees to terms of private operation of the hotel.
2. **Authorize an Intergovernmental Agreement to Acquire Land for the Hotel:** MERC recommends authorizing Metro officers to proceed with negotiations with the Portland Development Commission to acquire the land adjacent to the OCC for the headquarters hotel.

3. **Authorize Development of a Final Financing Plan:** MERC recommends authorizing Metro's Chief Financial Officer to work with Piper Jaffray, project underwriter, and Metro's financial advisor, Seattle Northwest Securities, to convert current financing options into a final financing plan with acceptable risk to Metro and other financing partners. The plan should include adequate funding for debt service, capitalized bond interest, bond insurance and sinking fund requirements that address risk scenarios.

4. **Authorize Negotiations to Secure Additional Funding Sources:** MERC recommends authorizing Metro officers, in coordination with MERC commissioners, to identify and secure additional sources of funding from partners that benefit from the OCC. This additional funding is intended to reduce the amount necessary to bond, ensure adequate bond coverage and/or pay for debt service.

5. **Direct MERC to Recommend a Marketing and Capital Plan for OCC:** MERC recommends that it undertake a review of necessary marketing expenses and long-term operating and capital needs to sustain OCC operations. Final recommendations will be forwarded to Metro for approval prior to the Metro Council adopting a final Financing Plan for the Project.

Passed by the Commission this 12th day of September, 2007.

Janice Marquis, MERC Chair

Don Trotter, MERC Secretary-Treasurer

Approved as to Form:

Daniel B. Cooper, Metro Attorney
Alison Kean Campbell, Metro Senior Assistant Attorney

Oregon Convention Center Alternatives Analysis

The Metro Council is preparing to make critical decisions about the future of the Oregon Convention Center (OCC) as an economic engine for the region. The Council has instructed staff to study a range of alternatives to support OCC operations in the convention center market. This document provides an analysis of those alternatives, weighing each against a series of decision-making criteria. It does not produce new research, but relies upon recent studies and interviews with local experts to provide the most complete picture possible of the outcomes that might result from the policy choice the Council is about to make. Though this is not a full benefit-cost analysis, it does provide an assessment of each of the alternatives that will be useful for the Council as it considers its next steps with the OCC.

The document begins with a brief background section that provides an overview of the alternatives under consideration and the criteria used to assess each. That section is followed by an analysis of each of the alternatives. A summary matrix that provides an overview of the results of this analysis is attached.

BACKGROUND

Metro owns the Oregon Convention Center (OCC) as a public asset. The Metropolitan Exposition Recreation Commission (MERC), a subsidiary of Metro, is responsible for the efficient management of the OCC. The mission of the Oregon Convention Center is “to maximize economic benefits for the metropolitan region and the State of Oregon while protecting the public investment in the facility.”

Large-scale, national conventions and tradeshow provide the greatest economic impact to the Oregon Convention Center and to the region. Conventions that attract thousands of visitors to the region provide needed tourism dollars, an economic impact that has been estimated by KPMG LLP (KPMG) to be at least \$370 million per year to the region and approximately \$13 million in annual State and County tax revenue.

In recent years, demand for high-impact national conventions at the Oregon Convention Center has leveled off. In February, the Metro Council asked MERC and Metro staff to investigate alternatives that could ameliorate this situation and assure that the public investment in the OCC is protected. The alternatives under consideration are:

- Develop a 600-room, publicly-owned, privately-operated headquarters hotel.

- Develop a small-scale, privately-owned and operated headquarters hotel with public subsidy.
- Provide enhanced incentives to attract the desired conventions, such as covering space rental costs at OCC and providing shuttle service to downtown hotels free of charge.
- Change the OCC mission to focus on attracting local meetings.
- Maintain the status quo with increased levels of funding to cover the projected increase in the OCC operating deficit and future capital needs for renovations and repairs.

This document considers information from a variety of sources to present an independent analysis of the five alternatives. MERC and Metro have recently commissioned a variety of studies to support this analysis, the results of which are summarized in this document. Sources of information include: KPMG, HVS International, the Strategic Advisory Group (SAG), PKF Consulting, as well as the Portland Development Commission (PDC), Portland Oregon Visitors Association (POVA), MERC, and the Oregon Convention Center (OCC). The criteria used to assess each of the alternatives are:

- *Impact to the Oregon Convention Center:* How would the OCC be affected in terms of number and type of events, attendance, and revenue?
- *Impact to the neighborhood:* Would employment be generated? Would there be an impact to redevelopment efforts in the Lloyd District?
- *Impact to the region:* Would there be impacts to the regional economy and employment?
- *Impact to the hospitality industry:* Would local hotels be affected? Would demand for hotel rooms be affected?
- *Impact to Metro and other financial considerations:* What would be the cost? What intergovernmental agreements would be needed? What are the risks to existing Metro programs?

ALTERNATIVES ANALYSIS FINDINGS

1: 600-ROOM, PUBLICLY-OWNED, PRIVATELY-OPERATED HEADQUARTERS HOTEL

The number, location, quality, and affordability of hotel rooms are very important factors for meeting planners when choosing locations to host conventions. Meeting planners prefer to book their convention attendees in large, high amenity hotels located in close proximity to convention centers. Currently, no such hotel exists near the Oregon Convention Center to satisfy the needs of most meeting planners. A 600-room headquarters hotel adjacent to the OCC could make the Oregon Convention Center more competitive in the national convention market.

In this alternative, Metro would attempt to develop a financing plan for the development of a 600-room Westin hotel adjacent to the Oregon Convention Center. Metro would enter into a development agreement with the development team led by Garfield Traub-Ashforth Pacific (GTA). The agreement would require the development team to obtain updated construction costs and a guaranteed maximum price for the development of a 600-room, publicly-owned, privately-operated Westin hotel adjacent to the Oregon Convention Center.

The decision to finance and develop the project would be contingent on Metro's ability to develop a satisfactory financing plan with the project underwriter, Piper Jaffray. Intergovernmental agreements with the City of Portland and Multnomah County would also need to be executed to implement the financing plan. The Portland Development Commission (PDC) is another important partner in the development of the potential hotel because the hotel would be in an existing urban renewal area, and because PDC owns the site identified for the potential hotel and has identified additional development resources.

If the Metro Council finds the project cost, financing plan, and level of risk satisfactory, the project would proceed to the development phase. Construction would last approximately two years and the hotel would be expected to open early in January 2011.

IMPACT ON THE OREGON CONVENTION CENTER

The addition of a 600-room headquarters hotel could allow the Oregon Convention Center to capture a larger share of events and their associated room nights. This would increase the revenue stream available to the OCC and assist MERC in its mission to maximize economic benefits to the region and the State.

Increased operating revenue

In 2006 alone, POVA records indicate that the OCC lost a total of 52 events representing future bookings, due in large part to the lack of a headquarters hotel or an unacceptable hotel package offered by existing hotels. The majority of these events were national or international in scope.

After analyzing POVA's records, HVS concluded that 20% of the OCC's lost business could be recovered with a 600-room, Westin headquarters hotel adjacent to the OCC. HVS projects this would result in eight new high impact, national convention center events each year.

Based on a three-year history of past events, the average convention or tradeshow event booked by POVA for the OCC generates \$118,000 in revenue for the Oregon Convention Center. Therefore, it is possible that eight new conventions could lead to an increase of \$940,000 in OCC annual operating revenue. This additional revenue could be used for future capital needs for renovations and repairs at the Oregon Convention Center. OCC management estimates the need for capital reinvestments in the facility is \$10.5 million over

the next decade, and includes projects such as roof replacement, carpet replacement, Oregon Ballroom renovations, etc.

Ability to attract conventions

The SAG study commissioned by POVA supports HVS's findings. According to SAG, "The development of a headquarters hotel remains the biggest single catalyst in effectuating Portland's ability to significantly improve as a convention destination." The SAG study concluded that Portland ranks "a distant last" in comparison to its competitors in terms of the number of convention-quality, full-service hotel rooms within walking distance of the center. SAG research suggests that development of a 600-room headquarters hotel, offering a 500 room block would increase the Oregon Convention Center's penetration of the convention market from 21% to 40%. A room block refers to the number of rooms that hotels can reserve for convention groups many years before the convention occurs. If the hotel were expanded to 800-rooms at a later date, with a 700 room block, the market penetration would improve to 52%.

Revenue lost without the hotel

A 2006 study by PKF Consulting indicates that Portland could lose six city-wide conventions annually if a headquarters hotel is not developed. These are groups that currently choose to host their events at the Oregon Convention Center, but are likely to leave due Portland's deteriorating competitive position and the attractive hotel packages offered in other destinations. This could have a negative effect on the Oregon Convention Center's operating revenue, resulting in a loss of approximately \$700,000 per year.

IMPACT TO THE NEIGHBORHOOD

According to KPMG, there would be multiple benefits to the Lloyd District resulting from the development of a 600-room headquarters hotel. The hotel could act as a catalyst for urban redevelopment initiatives in the Lloyd District, generate additional economic activity for local businesses and service companies, and create construction-related jobs for the 24-month construction period and ongoing jobs for the operations of the new hotel.

Job creation

The KPMG report estimates that approximately 2,100 jobs would be generated during the construction period. Annual employee earnings of \$25 million are estimated for the 820 jobs that will be generated by the hotel's operations and other induced business activity. While not all of these jobs would be in the Lloyd District, it is expected to have a ripple effect on the regional economy, leading to job growth throughout the region.

Catalyst for Lloyd District development

HVS projections for the hotel's performance assume that the Lloyd Center District will continue to be redeveloped in the near future to include new high-end residential housing and retail shops. According to representatives of the Portland Development Commission, multiple residential and commercial projects are proposed near the Oregon Convention Center and the surrounding areas. The blocks on which the Headquarters Hotel would be built are among the more challenging in the Lloyd District. They are bound by two high capacity streets, MLK Jr. Blvd and Grand Ave. These blocks are also smaller than traditional Portland blocks. This combination suggests that transforming the area will require constructing catalytic buildings that bring considerably greater numbers of people to the area more often.

The proposed hotel would also be a positive addition to the proposed Burnside Bridgehead project and the Eastside streetcar line. The headquarters hotel is also the centerpiece of the PDC's Development Vision for the OCC Blocks (2006), which envisions a truly vibrant 24 hour district, including places where residents and visitors will mingle at new hotels, housing developments, entertainment and retail venues, and on the green streets that characterize Portland.

These projects would relate symbiotically to the proposed hotel: they would support efforts to bring new conventions to the OCC at the same time that the additional people staying in the hotel would support existing and new Lloyd district businesses.

IMPACT TO THE REGION

Spending at local businesses

Attendees to events at the Oregon Convention Center generate economic benefits to the region when they spend money at local businesses. However, different types of events generate different magnitudes of impact. Based on industry data, KPMG estimates the average spending of a low impact, local attendee to be \$28 per day. The average spending of a high impact, regional/national/international attendee is \$298 per day.

KPMG calculated the estimated order of magnitude economic impact to the region from developing a 600-room, headquarters hotel. The potential economic benefit from new convention spending (direct and indirect) is estimated to be \$54 million per year. The potential loss resulting from not building the hotel is estimated to be \$41 million per year, due to the gradual erosion of national convention business at the OCC. The headquarters hotel would also generate economic impact from operations not related to OCC business, such as group business booked through Westin/Starwood's own in house efforts. The impact from non-OCC business is estimated to be \$64 million per year.

Tax revenue

Development of a headquarters hotel will also result in fiscal benefits for the City of Portland, Multnomah County and the State of Oregon. KPMG estimated the impact of a headquarters hotel on the State of Oregon personal income tax, transient lodging tax, and corporate excise and income tax, as well as the Multnomah County transient lodging tax, motor vehicle rental tax and business income tax. With development of the proposed hotel, annual tax benefits accruing to the City of Portland, Multnomah County, and Oregon are estimated to be \$2.7 million. Without development of the hotel, the gradual erosion of convention business could lead to a loss of \$1.9 million in tax revenue.

Other impacts

In addition to the economic and fiscal benefits of the proposed hotel, other benefits could include:

- Enhancing the area's image as a business, convention, meeting and tourist destination
- Receiving increased regional and national exposure through destination marketing via the national marketing arm of Westin, Starwood, the proposed hotel operator
- Providing an enhanced hotel package to meeting planners considering the Portland market
- Moving local events and meetings currently held at the OCC to area hotels and other venues, which will serve to positively impact other venues' event base and financial operations

IMPACT TO THE HOSPITALITY INDUSTRY

Short-term occupancy decline, followed by stabilization

HVS studied the proposed hotel's impact on the Portland hospitality industry. By 2011, when the headquarters hotel is projected to open, two other competitive hotels are also expected to have been developed. The cumulative effect of these three new hotels will lead to a growth in occupied room nights, but a short-term 5% occupancy decrease. Assuming historical growth rates in base demand for hotel rooms continues and that new demand is induced in the meeting and group segment, HVS expects the market to rebound to current occupancy levels by 2014, after four years of the proposed headquarters hotel operation.

Room night generation

Due to an increase in annual conventions and the hotel operator's ability to attract new business, the headquarters hotel is expected to generate an additional 89,900 room nights per year into the region. This does not include the impact of 25,000 room nights that PKF projects could be lost by the gradual erosion of convention business if the proposed headquarters hotel is not developed.

HVS also quantified the number of unaccommodated room nights in the Portland market. Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all of the local hotels are filled. Currently there are an estimated 19,000 unaccommodated room nights in the Portland market each year. With the expected supply of three new hotels entering the marketplace over the next few years, HVS assumes that the new supply will be able to accommodate visitors unable to book hotel rooms during peak occupancy periods.

The hotel market in Portland is currently strong, with occupancy levels and average daily rates near historical highpoints. The Portland Development Commission, POVA, and HVS all agree that if the headquarters hotel is not developed, it is likely that other smaller, limited service hotels may be developed instead to take advantage of strong market conditions. Because they would be less likely to participate in convention center events or have significant amounts of their own meeting space, these hotels would be less likely to attract new conventions to Portland. Also, these limited service hotels would not generate as many new induced room nights as the proposed headquarters hotel.

HVS projects that the development of a 600-room Westin headquarters hotel is expected to contribute to a 6% increase in room night demand for the Portland hotel market in 2011. Without the headquarters hotel, HVS expects an increase of only 1.5% in 2011. The development of the proposed headquarters hotel is also anticipated to support also induce higher growth rates in market demand in years 2012 and 2013 at 3.5% and 2.5% respectively. After the hotel reaches stabilization in year 2014, growth in demand is forecast to stabilize at 1.5% annually.

Shift in demand for local meeting business

Another impact this alternative would have on the hospitality industry relates to local meeting business. KPMG concludes that state and local events are typically booked within a shorter timeframe, so it is a common strategy for convention centers to experience a higher percentage of these events during years with fewer national and international conventions and tradeshow, in order to positively influence revenues. The development of a headquarters hotel and the resulting growth in national convention business could move many local meetings currently hosted at the OCC to other venues and area hotels. This would have a positive impact on those hotels' and venues' financial operations. Conversely, the gradual erosion of business resulting from the lack of a headquarters hotel could force the OCC to refocus its business development efforts on hosting more local meetings that are currently held in area hotels.

IMPACT TO METRO AND FINANCIAL CONSIDERATIONS

Financing and feasibility

This alternative would have significant financial implications for Metro. Project costs have not yet been determined, but would include hard and soft

construction costs, other pre-opening costs, appropriate reserves, and financing costs. A guaranteed maximum price for construction would be agreed upon before the Metro Council determines to move forward with the development of the project.

The project would be financed through revenue bonds issued by Metro. Metro is working with the project underwriter, Piper Jaffray, and the financial advisor, Seattle Northwest, to develop a financing package that does not put Metro's general fund or existing programs at undue risk.

Currently, Metro has determined that the project could be feasible if Metro is able to secure additional funding from sources other than those currently available, based on initial project cost estimates, the hotel operating pro forma generated by HVS, and input from the underwriter regarding appropriate reserves, sinking funds, relevant interest rates, the maturity structure of all requisite bonds, and potential pledges of income and expense during the maturity period.

The determination of ultimate feasibility is contingent upon final project costs, the satisfactory negotiation of agreements with the developer (GTA), the hotel operator (Westin/Starwood) and the construction firm (Turner Construction). The determination of feasibility is also conditional, based on Metro's ability to negotiate the necessary intergovernmental agreements with the City of Portland, Multnomah County, and PDC to cover debt service of the bonds, as well as procurement of other financial contributions to the project from the State of Oregon or other beneficiaries of the proposed project.

Possible impacts to Visitor Development Fund

If the proposed 600-room headquarters hotel is developed adjacent to the Oregon Convention Center, it is possible that Visitor Development Fund (VDF) funding will need to increase. If the proposed hotel is successful in attracting new conventions to the OCC, then these conventions will probably require some financial incentives.

If Metro decides to pursue the development of the 600-room, publicly owned, privately operated headquarters hotel, then the financing plan for the project should consider including increased funding for the VDF to provide the associated increase in financial incentives.

Revenue impacts

Development of the proposed hotel would create a public asset owned by Metro. In the event that the hotel generates revenues in excess of those required to cover debt service and fund the necessary reserves and sinking loan funds, then those financial benefits would accrue to Metro. If Metro chose to sell the hotel in future years, any revenue in excess of the amount necessary to pay off outstanding bonds would be available to Metro to use on new or existing programs.

On the other side of the equation, if the hotel is unable to service its debt, Metro would need to have a contingent financing structure in place for supporting

the bonds. This will be an important consideration in the final feasibility and financing negotiations.

2: 400-ROOM PRIVATE HEADQUARTERS HOTEL WITH PUBLIC SUBSIDY

Using a private financing model, it has not been possible to develop a headquarters hotel adjacent to the Oregon Convention Center that generates a return on investment great enough to attract private investors. A public subsidy would be required to make a privately-owned hotel generate a return on investment sufficient to entice private development. The Portland Development Commission determined the subsidy for a privately-owned, 600-room hotel is prohibitively high. The Metro Council is therefore evaluating a smaller, 400-room privately-owned hotel, an option that has also been studied previously by the Portland Development Commission.

Two different versions of a 400-room hotel were evaluated. One version includes all the amenities of a typical headquarters hotel and a nationally respected hotel brand. These amenities include extra meeting space, pre-function space and ballroom space. These amenities are important to meeting planners when selecting a convention destination, however they substantially increase the per-room hotel construction costs.

The second version of the 400-room hotel does not include the amenities typically associated with a headquarters hotel. A lower quality (two or three star) hotel without the requisite meeting and ballroom space has a lower per-room construction cost.

HVS, SAG, and POVA all agree that a hotel adjacent to the Oregon Convention Center would need to offer all the amenities of a typical headquarters hotel in order to attract new convention business, and that without new convention business, a smaller hotel would not provide significant benefits to the OCC or the region. In the remainder of this section, this report considers only the hotel that has amenities typical of a headquarters hotel.

IMPACT TO THE OREGON CONVENTION CENTER

According to POVA records, the lack of a headquarters hotel is most frequently cited as the reason that meeting planners choose to host their conventions in cities other than Portland. POVA commissioned a study by the Strategic Advisory Group to determine, among other issues, whether a 400-room headquarters hotel would be of sufficient size to attract new conventions to the OCC.

SAG surveyed meeting planners on what would be the minimum size room block offered by a headquarters hotel in Portland to convince them to host their event in the Oregon Convention Center. A room block refers to the number of rooms that hotels can reserve for convention groups many years before the convention occurs. The SAG study found that a 400-room headquarters hotel,

offering a 300 room block would only increase the Oregon Convention Center's penetration of the convention market from 21% to 27%.

The SAG study concluded that the ability to penetrate the market improves as the size of the headquarters hotel increases. A rapid growth in penetration potential occurs above 200 rooms.

The results of the SAG study, confirmed by POVA, project that a 400-room headquarters hotel could result in a modest positive impact on the Oregon Convention Center's ability to attract new convention business.

IMPACT TO THE NEIGHBORHOOD

Job creation

The KPMG study did not directly estimate the impact of a 400-room headquarters hotel. However, it is likely that development of a 400-room headquarters hotel adjacent to the Oregon Convention Center could create significant construction jobs during the construction period, as well as a number of jobs to support the ongoing hotel operations.

Other impacts possible but difficult to measure

A 400-room hotel would be an improved use of land in the area surrounding the Oregon Convention Center and could act as a catalyst for redevelopment. Previous studies commissioned by the Portland Development Commission concluded, however, that the hotel should be at least 600 rooms to effectively support the OCC's efforts to bring in new national convention. PDC has expressed no interest in contributing their land for development of a hotel with fewer than 600 rooms. Without the contribution of land from PDC, it is not a 400-room, privately owned hotel adjacent to the OCC is not feasible. The impact on the neighborhood and the Lloyd District is therefore not analyzed further.

IMPACT TO THE REGION

None of the studies summarized here directly estimate the economic and fiscal impacts of a 400-room headquarters hotel on the region, but it is still possible to draw some conclusions about the likely impact to the region if a 400 room hotel were to be developed.

Based on the findings of SAG, confirmed by POVA, the proposed 400-room headquarters hotel could have a minimal impact on the Oregon Convention Center's ability to attract new conventions. Since there would not be significant growth in convention business, there would not be significant increase in convention spending in the region, or an associated increase in tax revenue.

IMPACT TO THE HOSPITALITY INDUSTRY

HVS International did not conduct a detailed market analysis or feasibility study for a 400-room hotel. However, it is likely that a 400-room hotel, in conjunction with the opening of two other hotels currently planned for development would contribute to a temporarily decrease in hotel occupancy rates in the Portland market. Occupancy rates would likely rebound in future years.

A 400-room hotel would not be large enough to be considered a part of Starwood's Convention Collection, which is a group of Starwood's larger, group hotels which co-market and work together to move large groups amongst those Starwood hotels. Because of the small size of the hotel, a 400-room hotel would not be expected to induce significant demand into the Portland market.

For the market study of the 600-room Westin hotel, HVS quantified the number of unaccommodated room nights in the Portland market. The findings from that study indicated there are an estimated 19,000 unaccommodated room nights in the Portland market each year. HVS did not analyze the impact of a 400-room headquarters hotel on unaccommodated demand in the Portland market. However, with the expected supply increase resulting from the development of a 400-room headquarters hotel in addition to two other hotels entering the marketplace over the next few years, it is likely that unaccommodated room nights would decrease.

When considering a 400-room hotel's more limited ability to induce demand into the market, and the increase in new room supply, the proposed 400-room hotel would not increase the size of the pie, but would take a slice out of the existing market.

IMPACT TO METRO AND FINANCIAL CONSIDERATIONS

The Portland Development Commission analyzed the development of a 400-room, privately owned hotel in previous years. The PDC issued a request for proposals to develop a privately owned convention center headquarters hotel in 2004. According to the proposals submitted to the PDC, significant public subsidy of at least \$35 million would be required for a privately owned 400-room hotel. PDC looked at strategies for reducing this funding gap, including variations on retail, meeting space, and parking spaces, and adding condominiums to the project. These options did not decrease the funding gap.

The Portland Development Commission also considered the use of New Market Tax Credits and found they are unlikely to be available for this project and would not eliminate the funding gap. The magnitude of this funding gap led the PDC to conclude that this alternative is not feasible. Construction costs have increased since the PDC analyzed this issue, and it is likely the financing gap has also increased.

Starwood, the hotel operator with the selected development team, drafted an estimate of project costs for a private 400-room, Westin hotel with all the amenities of a typical headquarters hotel. According to Starwood's estimates,

there is a \$56 million funding gap that would need to be covered by public subsidy.

To pursue this alternative, it is likely that Metro would need to sell bonds in order to cover the funding gap. Because the hotel would be privately-owned, net operating income from the hotel would not accrue to Metro and would not be available to repay the bonds. Therefore, Metro would need to determine other sources of revenue for debt service. This could put the Metro general fund at risk and come at the expense of existing Metro programs.

The reluctance of the PDC to contribute funds and donate the land, valued at \$12 million, to the development of a 400-room hotel, further decreases the feasibility of this alternative.

3: PROVIDE ENHANCED INCENTIVES

According to Tradeshow Week, approximately 68% of all high-impact events are offered financial incentives to convene in a host destination. The SAG study corroborates this finding, stating “at the recent annual event of Destination Marketing Association International, the association of all entities like POVA that market their respective destinations, a sampling of nearly 80 other marketing entities showed that approximately 90% had a dedicated revenue source (such as a VDF) to offer financial incentives to convention groups.” The SAG study concludes that financial incentives such as free rent and free transportation have become commonplace, and in the eyes of most event planners, these incentives are an expectation.

The Visitor Development Fund (VDF) currently provides financial incentives to large conventions and tradeshow that have a significant economic impact to the region. The Visitor Development Fund (VDF) is funded by Multnomah County hotel occupancy taxes and funneled through the Visitors Facilities Trust Account (VFTA). The VDF is allocated \$500,000 each year, increasing annually based on inflation and the growth rate for VFTA collections.

The Visitor Development Fund Board oversees the VDF and determines which prospective conventions merit financial incentives. VDF funds are used in various ways, but primarily to cover the cost of space rental at the Oregon Convention Center for high-impact conventions, as well as provide transportation incentives when appropriate.

This alternative would increase the annual allocation of VDF funding and would expand the use of such funding. Examples of possible changes to the use of VDF funds include: lowering the threshold of economic impact for an event to be eligible to receive funding, and expanding efforts to publicize VDF funds for prospective conventions.

Another possible use of incentives would be to target niche markets with incentives that appeal to their specific needs. For example - for the sustainable/environmentally conscious conventions - according to POVA, it could

be possible to offer green tags or carbon offsets for convention management groups and/or a percentage of convention attendees.

Covering the possible costs of attrition for convention groups is another possible incentive that POVA believes could have a significant influence on the decisions of meeting planners. When meeting planners decide to host a convention in a city, they contract large blocks of rooms in hotels for convention attendees. These room blocks need to be secured years in advance to ensure that they are available. When the convention finally comes to town and if fewer convention attendees stay in a particular hotel than was originally anticipated, the hotel may be unable to fill those previously reserved rooms with commercial or leisure customers on short notice. To compensate for this loss, the hotels charge attrition fees to convention groups based on the number of room nights they contracted for but did not ultimately use.

If significant additional funding were allocated to the VDF, it could be used to cover the cost of attrition for convention groups. For meeting planners, this would make the process of entering into multiple room block agreements with Portland hotels much less risky. POVA does not know of any other cities offering a similar incentive, which makes it difficult to estimate how successful this incentive would be for attracting new convention business. It is also difficult for POVA to calculate the cost to offer this incentive, and any such program would need to be developed and supported by the local hospitality community and the VDF Board.

The ultimate design of an enhanced incentive program will need to consider the most compelling needs of event planners and keeping competitive with other destinations' incentive programs in light of available resources.

IMPACT TO THE OREGON CONVENTION CENTER

Lost business

Previous research conducted by PKF suggests that the lack of a headquarters hotel could result in the OCC losing six conventions per year. POVA records of lost business state that lack of a hotel package is the primary reason for lost business. Meeting planners cite the lack of a "headquarters hotel/hotel package" approximately ten times as frequently as "cost/rate" affordability for why they choose to host their events at convention centers other than the OCC. HVS International reviewed POVA's lost business reports for 2005 and 2006. HVS concluded that 232,000 room nights were lost due to the lack of a headquarters hotel.

Potential for increased demand with incentives uncertain

The recent survey of meeting planners by the Strategic Advisory Group found offering financial incentives was attractive to many meeting planners. Approximately 49% of those surveyed reported that free shuttle service between the OCC and downtown hotels would be a sufficient incentive for them to "highly likely" or "definitely yes" choose to host their event at the Oregon Convention

Center. Additionally, 66% of those surveyed reported that free rent at the OCC would be a sufficient incentive for them to very seriously consider hosting their event in Portland. HVS also determined that approximately 13% of POVA's lost business cited "financial incentives" as a factor contributing to their decision not to come to Portland. Together, these sources indicate that increasing the incentive package would have at least some positive impact on the ability of the OCC to bring new conventions to Portland.

Offering incentives is an important part of the process of negotiating a convention package for nearly all convention centers in the national market. However POVA claims to have never lost a convention at the OCC solely due to the inability to offer appropriate financial incentives, since the inception of the VDF. This is supported by the fact that there has never been a year when VDF funds were insufficient to provide financial incentives to a prospective convention that would bring the requisite level of economic impact to the region.

The SAG study acknowledges that POVA already offers these financial incentives to many potential OCC clients, and these incentives alone have not been sufficient to attract the majority of potential conventions. SAG examined future convention bookings at the OCC and determined "For the fiscal years of 2005, 2006, 2007, 2008 and 2009, the percentage of definite, new OCC city-wide bookings that received approval for VDF funds was 57%, 61%, 66%, 73% and 86% respectively. Portland's upward trend in the use of incentives is reflective of the entire convention industry." The report goes on to recommend that the OCC continue to offer transportation and rental incentive packages when appropriate, in conjunction with developing a headquarters hotel in order to capture the greatest possible share of the national convention market.

Based on information from POVA, corroborated by SAG, it is unlikely that providing enhanced financial incentives alone will attract significantly more conventions to the OCC, and that its impact will be minimal.

IMPACT TO THE NEIGHBORHOOD

It is not anticipated that this alternative would have a significant impact to the blocks adjacent to the Oregon Convention Center, nor the greater Lloyd District.

IMPACT TO THE REGION

Based on information from POVA, corroborated by SAG, it is unlikely that providing financial incentives alone will attract significantly more convention business to the OCC. Therefore, this alternative is not expected to have an impact to the region.

IMPACT TO THE HOSPITALITY INDUSTRY

Based on information from POVA, corroborated by SAG, it is unlikely that providing financial incentives alone will attract significantly more convention business to the OCC. Therefore, this alternative is not expected to induce new

room night demand into the Portland hotel market. This alternative is not expected to have an impact on the hospitality industry.

IMPACT TO METRO AND FINANCIAL CONSIDERATIONS

The Visitor Development Fund is currently funded through an annual allocation of approximately \$500,000 from hotel occupancy taxes collected by Multnomah County through the Visitors Facilities Trust Account. Increasing the incentives offered to prospective conventions would likely result in a reduction of VFTA capacity to fund other programs, such as fareless square and the Portland Center for Performing Arts.

The VFTA is expected to generate surplus revenues in future years that could be allocated to the VDF for increased incentives. Modification of the existing intergovernmental agreement between Metro, the City of Portland and Multnomah County would be necessary to implement this alternative.

4: CHANGE THE OCC MISSION

The mission of the Oregon Convention Center is to maximize economic benefits for the region while protecting the public investment in the facility. If the OCC is unable to sustain long-term fiscal success operating under its current business model, then the Metro Council could choose to change the OCC mission to focus its business development efforts on attracting local meetings. Changing the mission could allow the Oregon Convention Center to increase the number of local meetings hosted at the OCC, possibly creating a stable revenue stream for OCC operations.

IMPACT TO THE OREGON CONVENTION CENTER

Small local events already comprise a large portion of business that occurs at the Oregon Convention Center. In fiscal year 06-07, small meetings and public shows represented 58% of all events at the OCC.

While conventions and tradeshow comprised only 14% of all events hosted at the OCC in fiscal year 06-07, they generated \$8 million in revenue for the Oregon Convention Center. According to OCC financial records, the average convention or tradeshow event booked by POVA for the OCC generates \$118,000 in revenue, compared to local meetings, which generate \$15,000 on average. Therefore, it requires eight local events on average to generate the same amount of revenue for the Oregon Convention Center as one national convention.

If the mission of the Oregon Convention Center changed to focus on local meetings, it would require a significant increase in local marketing efforts in order for the OCC to generate revenue necessary to continue to operate with current funding levels.

IMPACT TO THE NEIGHBORHOOD

It is not anticipated that this alternative would have a significant impact to the blocks adjacent to the Oregon Convention Center, nor the greater Lloyd District.

IMPACT TO THE REGION

This alternative would not have a positive impact on the region. KPMG calculates an annual estimate of the economic impact the OCC has on the region. Over the past five years, the average economic impact to the region as a result of the Oregon Convention Center has been \$440 million per year. Focusing on local events rather than national conventions would dramatically decrease this impact.

Local attendees have very different spending characteristics than regional, national or international attendees. The vast majority of attendees to state and local events are classified as low impact. As previously stated, based on industry data, KPMG estimates low impact attendees spend an average of \$28 per day. Attendees of regional, national or international conventions are considered high impact. High impact attendees spend an average of \$298 per day.

Based upon information from KPMG, POVA, and HVS local meetings generate only a modest economic impact to the region, whereas national conventions generate substantial economic impact. Therefore, changing the OCC mission to focus on attracting local events would have a severely negative economic impact on the region.

IMPACT TO THE HOSPITALITY INDUSTRY

Convention attendees typically require hotel accommodations, since they are from out of town. Local meeting attendees do not require hotel accommodations. Changing the OCC mission to focus on attracting local meetings would decrease the group room night demand in the Portland hotel market.

Through discussions with local hotel operators, HVS determined that for some operators approximately 20% of their group room nights are convention center affiliated. If the Oregon Convention Center no longer focused on attracting national conventions, then the room night demand affiliated with the OCC would substantially decrease.

Based on information from KPMG, POVA, and HVS this alternative would have a negative impact on the hospitality industry as the hotels may then be competing with the OCC for the same group business.

IMPACT TO METRO AND FINANCIAL CONSIDERATIONS

Changing the mission of the Oregon Convention Center to focus on attracting local meetings would likely lead MERC to cancel its contract with POVA to market the OCC on a national level. This would be replaced with a more focused business development sales effort on the local market. POVA's marketing efforts are funded by an annual allocation of \$350,000 from the Visitors Facilities Trust

Account. The intergovernmental agreement between Metro, the City of Portland and Multnomah County that governs that VFTA would need to be modified to reflect these marketing dollars are no longer necessary. This would result in an annual surplus of \$350,000 in the VFTA that could be allocated for other purposes.

However, due to the limited revenue generated by local events at the Oregon Convention Center, it is likely the OCC would require increased funding for operations, in order to avoid an increasing operating deficit. It is likely the Oregon Convention Center would also need to hire additional personnel to adequately handle the increased booking of local events.

The decrease in convention business, and subsequent decrease in hotel room night demand could also have a negative impact on Multnomah County's hotel occupancy tax collections. OCC operations are partially funded through the Multnomah County hotel occupancy tax, so this could decrease the funding available to OCC operations on an annual basis. This could impair the Oregon Convention Center's ability to adequately fund a reserve for necessary repairs and renovations for the facility.

5: STATUS QUO WITH INCREASED FUNDING

This alternative maintains the Oregon Convention Center's mission to maximize economic benefits for the region. However, no new affirmative action would be taken to improve the OCC's competitive position in the national convention market.

Due to gradual erosion of profitable national convention business, MERC anticipates the Oregon Convention Center will have decreasing unrestricted fund balance in future years, resulting from an increase in the gap from operations. This alternative would seek to provide increased levels of funding to cover the projected OCC operating deficit as a result of lost convention business and future capital needs for renovations and repairs.

IMPACT TO THE OREGON CONVENTION CENTER

Since 2002 the number of conventions and tradeshow hosted at the Oregon Convention Center has remained relatively flat, while the number of local meetings has increased significantly. The SAG study finds that with the existing package the OCC has to offer, the facility will continue to struggle to attract national conventions. Only 22% of the meeting planners surveyed by SAG would seriously consider hosting their conventions at the OCC based on the current package. Maintaining the status quo for booking events at the OCC would likely continue this trend.

MERC projects the OCC unrestricted fund balance will decrease from \$6.5 million in fiscal year 2006-07 to \$4.5 million in fiscal year 10-11. In 2011 the strategic fund balance goal will be greater than the projected fund balance, resulting in the emergence of a strategic fund balance gap. MERC has not

projected the OCC's fiscal performance beyond 2011. However, if no action is taken to address the OCC's operating deficit, the unrestricted fund balance is expected to decline in future years.

Without changing the OCC mission to focus on local meetings, it is unlikely the Oregon Convention Center would be able to book enough local events to compensate for the gradual erosion of national convention business. This could result in a decrease in OCC operating revenue.

IMPACT TO THE NEIGHBORHOOD

It is not anticipated that this alternative would have a significant impact to the blocks adjacent to the Oregon Convention Center, nor the greater Lloyd District.

IMPACT TO THE REGION

KPMG analyzed the economic impact of the Oregon Convention Center assuming a headquarters hotel is not developed, based on the findings of PKF. PKF estimated the lack of a headquarters hotel could lead to the gradual erosion of convention business, resulting in six fewer national conventions hosted at the OCC each year.

According to KPMG, the loss of six conventions could result in an economic loss to the region of approximately \$40.8 million annually. Fiscal losses to Multnomah County and the State of Oregon combined are estimated to be approximately \$1.9 million annually. It is important to note that approximately half of the hotel occupancy tax collected by Multnomah County ultimately goes to the City of Portland. Also, OCC's shift toward obtaining local meeting business would continue to occur and further erode the other venues and hotels of that local business.

IMPACT TO THE HOSPITALITY INDUSTRY

Maintaining the status quo would have an impact on the hospitality industry. Research by PKF indicates the loss of six conventions per year could result in 25,000 lost room nights. This could have a minor, negative impact on the occupancy rate of the Portland hotel market.

The operating gap analysis conducted by the Oregon Convention Center indicates an increase in funding will be necessary in future years to cover the OCC operating deficit as well as future capital needs for renovations and repairs.

IMPACT TO METRO AND FINANCIAL CONSIDERATIONS

Maintaining the status quo may require Metro and MERC to secure additional revenues to cover the projected OCC operating deficit. If OCC revenues in a given year were insufficient to maintain a strategic fund balance greater than the unrestricted fund balance, the OCC would most likely be unable to contribute excise tax to Metro. A current source of revenue to support the Oregon

Convention Center is the Visitors Facilities Trust Account. The intergovernmental agreement between Metro, the City of Portland and Multnomah County that governs that VFTA could be modified to allocate additional resources for OCC operations in order to avoid an operating deficit.

The Oregon Convention Center has recently begun funding a reserve for renewal and replacement. According to OCC management, in order to provide for future capital needs for renovations and repairs and maintain a stable unrestricted fund balance, OCC would need \$2 million of funding over the course of the next four years. If the Oregon Convention Center's revenue declines due to a difficulty in attracting high-impact, national conventions, then it is likely the OCC would be unable to adequately fund the reserve for renewal and replacement.

Alternative	Impact to convention center	Impact to neighborhood	Impact to region	Impact to hospitality industry	Impact to Metro	Financial feasibility
Publicly owned, privately operated 600-room headquarters hotel	★	★	★	⊘	direct risk and cost to Metro, but most consistent with Metro goals	financially feasible but political considerations exist
Privately owned, small scale headquarters hotel with public subsidy	⊕	★	⊕	⊘	direct risk and cost to Metro, but may not further other goals	low financial feasibility significant economic constraints
Enhanced incentives (I.e. free shuttle, free rent, etc)	⊘	⊘	⊘	⊘	minimal risk and low cost	contingent increase in funds
Change the OCC mission: regional meeting center	—	—	—	—	minimal	negative impacts create financial and political difficulties
Status quo with increased subsidy for operations	—	—	—	— / ⊘	minimal	combination of negative impacts and public subsidies lead to very low feasibility

- ★ strong increase
- ⊕ modest increase
- ⊘ minimal change
- decrease

Resolution No. 07-3855, Approving the Natural Areas
Acquisition Refinement Plan for the Dairy and McKay Creeks
Confluence Target Area

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

BEFORE THE METRO COUNCIL

APPROVING THE NATURAL AREAS ACQUISITION
REFINEMENT PLAN FOR THE DAIRY AND MCKAY
CREEKS CONFLUENCE TARGET AREA

RESOLUTION NO. 07-3855

Introduced by Chief Operating Officer
Michael J. Jordan, with the
concurrence of Council President
David Bragdon

WHEREAS, on March 9, 2006, the Metro Council adopted Resolution No. 06-3672B “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” recommending submission for voter approval a general obligation bond to preserve and protect natural areas, clean water, and fish and wildlife (the “2006 Natural Areas Bond Measure” or “Measure”); and

WHEREAS, at the election held on November 7, 2006, the voters approved Ballot Measure 26-80, the 2006 Natural Areas Bond Measure; and

WHEREAS, the Dairy and McKay Creeks Confluence Target Area was identified in the Measure as one of 27 regional target areas for land acquisition, building on the success of land acquisitions pursuant to Metro’s 1995 Open Spaces Bond Measure Program; and

WHEREAS, as provided in the 2006 Natural Areas Bond Measure, Metro has undertaken a public refinement process to establish specific acquisition strategies, goals, objectives, and a confidential tax-lot specific acquisition target area map for each of the 27 target areas; and

WHEREAS, Metro’s refinement process included the compilation of available information about each target area; biological field visits and expert analysis of maps; interviews with key stakeholders including natural resource experts, property owners, representatives from state and local government agencies, and advocates from water quality, fish, and wildlife preservation interest groups; and eight public open houses at sites throughout the region and a “virtual” open house available via the internet, at which draft refinement plans were made available for public review and participants could share their target area priorities either in-person or electronically; and

WHEREAS, Metro’s acquisition of properties within the Dairy and McKay Creeks Confluence Target Area will be in accordance with Metro Resolution 06-3727, “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure,” adopted September 7, 2006; and

WHEREAS, on March 1, 2007, the Council approved Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” authorizing the Metro Chief Operating Officer to acquire properties identified on a Council-approved target area “confidential refinement map;” and

WHEREAS, the Council has reviewed the draft refinement plans and considered information it has received from citizens, scientists, advocates, and state and local governments; now, therefore

BE IT RESOLVED that the Metro Council adopts the Dairy and McKay Creeks Confluence Refinement Plan attached hereto as Exhibit A, including the confidential tax-lot specific map reviewed by the Council in Executive Session on September 4, 2007, and signed by Council President David Bragdon, and hereby authorizes the Chief Operating Officer to acquire properties in the Dairy and McKay Creeks Confluence Target Area consistent with the Council-approved Acquisition Parameters and Due Diligence Guidelines of the Natural Areas Implementation Work Plan.

ADOPTED by the Metro Council this _____ day of _____ 2007.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

**2006 NATURAL AREAS ACQUISITION PROGRAM
DAIRY AND MCKAY CREEKS CONFLUENCE TARGET AREA REFINEMENT PLAN**

Background

The 1995 Greenspaces bond acquisition goal for the Jackson Bottoms/Dairy/McKay Creeks target area focused on expanding the Jackson Bottom Wetlands complex on the north side of the confluence of Dairy Creek and the Tualatin River. Other objectives included protection of a linear greenway along Dairy and McKay Creeks for multiple values including wildlife habitat, water quality and quantity, education and stewardship opportunities, greenway corridor, permanent open space separation between Cornelius and Hillsboro, and passive recreation. Over 490 acres have been acquired to date, primarily an extensive portion of Jackson Bottom and segment of stream corridor along the Council Creek on the northern boundary of the City of Cornelius.

The 2006 Natural Areas bond measure stated:

The creeks converge at the interface of farmland and the urban growth boundary, forming broad wetlands accessible to a rapidly urbanizing area. Protecting the riparian areas and associated wetlands in the confluence area will contribute significantly to improved water quality in these major tributaries of the Tualatin River.

On September 7, 2006, the Metro Council passed Resolution 06-3727 “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure.” This resolution provides direction to staff for land acquisition in target areas with rural agricultural land. The Dairy and McKay Creeks Confluence target area is one such area. During the refinement process representatives from various agricultural interests were consulted. Within this target area, land acquisition will be pursued in accordance with both the letter and the spirit of this resolution. Water quality and habitat protection are the primary focus for land acquisition. When contact is made with landowners, Metro staff will offer to purchase a conservation easement to protect the natural resources identified in this Refinement Plan. If the landowner prefers a fee title sale, Metro will purchase the land and will identify areas which are essential to achieve water quality and habitat protection goals and which are viable for agricultural use without conflict. Metro will offer this agricultural land for sale subject to a conservation easement. At the time habitat restoration commences, potential impacts to adjacent agricultural properties will be addressed.

The science report indicates that upper portions of McKay Creek support diverse habitat and plant communities. The areas around the Dairy Creek confluence with McKay and Council Creeks have great potential for restoration of wildlife habitats, wetlands and floodplain functions.

Target Area Description

Dairy and McKay creeks are located west of Hillsboro and east of Cornelius and drain a largely agricultural watershed within Washington County. Farm uses and growers have helped maintain the rural character of the area and provided stewardship of this land for decades. McKay Creek forms the western boundary of the city of Hillsboro and flows into Dairy Creek north of Tualatin Valley Highway. The combined creeks flow south converging with the Tualatin River at Jackson Bottom. Broad wetlands at the confluence of Dairy with Council and McKay creeks, and upstream riparian areas provide excellent opportunities for restoration of riparian and wetlands habitats, as well as flood storage and water quality protection.

Refinement Process

During the refinement process, Metro staff compiled available information about the Dairy and McKay Creeks Confluence target area, analyzed maps and conducted biological field visits. Individuals were interviewed representing various government agencies, property owners, interested groups and natural resource experts. The key concerns expressed during the interviews are summarized in Attachment 1.

A public open house to discuss the proposed Refinement Plan was held on June 26, 2007 at the Forest Grove Community Auditorium, one of eight such open houses held throughout the region. Notices of the open houses were mailed to area residents and other interested citizens. Metro also conducted a “virtual” open house by making target area informational materials, including maps, available “online” via the internet and allowing participants to share their target area priorities electronically. A total of 527 people attended the regional open houses, and the online open house had 6,363 visits from 3,419 unique visitors. More than 700 target surveys were submitted either in person or online. Five people completed the Dairy and McKay Creeks Confluence survey. A copy of the survey questionnaire is included as Attachment 2. The map associated with the questionnaire for this target area is included as Attachment 3, and complete survey results are included as Attachment 4.

Findings

- The flood plain associated with the Dairy and McKay Creeks watershed north of its confluence with the Tualatin River provides a natural buffer between Hillsboro on the western edge of the Regional Urban Growth Boundary to the east and the cities of Cornelius/Forest Grove to the west. This area also is characterized as having fertile agricultural soils and a long history of productive agricultural use.
- The southern end of the Dairy and McKay Creeks watershed is anchored by Jackson Bottom, a regionally significant wetland noted for its fish and wildlife habitat and water quality values and potential for wildlife and recreational corridor connectivity. Between 1980 and 1995, a number of public agencies, including the City of Hillsboro, Clean Water Services, Oregon Department of Fish and Wildlife, U.S. Soil Conservation District and Portland Audubon Society, worked individually and collectively to acquire, preserve and enhance the natural resource values of Jackson Bottom. By 1995, about 500 acres of the wetlands were in public ownership.
- With passage of the 1995 Open Spaces Bond Measure, Metro began acquiring property in Jackson Bottom to round out this public ownership and to date has acquired over 490 acres including an extensive portion of Jackson Bottom and segment of stream corridor along Council Creek on the northern boundary of the City of Cornelius.
- With a majority of Jackson Bottom now in public ownership, the emphasis has shifted northward into the main portion of the Dairy and McKay Creeks watershed. For different reasons, there is broad consensus among stakeholders that acquisition of riparian corridors is a higher priority than acquisition of lowlands for wetland restoration and/or flood management. Agricultural interests see such acquisitions as helping to provide buffers between urban and rural uses while minimizing incursions into productive agricultural acreage; natural resource stakeholders in helping to provide river access, protect wildlife habitat and improve water quality; and local cities in helping to create public trail connectivity.
- The biological assessment conducted for this target area indicates that riparian corridors and associated wetlands within Dairy, McKay, and Council Creeks have higher natural resource, habitat and water quality values than surrounding uplands.
- Based on aerial photographs, on-ground reconnaissance and review of the scientific literature, there are a number of rare plants (Kincaid’s Lupine, Shaggy horkelia and Nelson’s sedalcea) and rare animals (Northern Pacific pond turtle, bald eagle, Aleutian Canadian goose and winter-run

Steelhead) potentially present in the target area. These species have various Federal and state designations such as “listed as threatened” or “species of concern”.

- Five people completed the Dairy and McKay Creeks Confluence survey. Additional commentary was provided orally at the open house, most of which was consistent with the written responses. In rank order, the public priorities were:
 1. *Map area C* – Protect potential trail and habitat corridors along Council Creek from its confluence with Dairy Creek west to other protected public lands.
 2. *Map area A* – Protect lands and associated wetlands along Dairy Creek from its confluence with McKay Creek and extending northward to NW Susbauer Road.
 3. *Map area D* – Secure lands along the west side of Council Creek to Martin Road to provide habitat corridors, a potential trail corridor and a buffer to urban development.
 4. *Map area E* – Protect the lands along McKay Creek from its confluence with Dairy Creek northward towards the Camp Ireland Scout Camp primarily to buffer the area from urban development.
 5. *Map area B* – Protect the creekside, wetlands and upland forested areas in and around the Camp Ireland Scout Camp to provide benefits to wildlife.
 6. *Map area F* – Protect the lands along Dairy Creek north of Jackson Bottom to the confluence of Dairy and McKay creeks, with a focus on protecting the natural corridors along the creek.

Goal

Protect the riparian areas and associated wetlands in the Dairy and McKay Creeks confluence area to contribute significantly to improved water quality in these major tributaries of the Tualatin River.

Objectives

A target area map showing the tiered objectives described below is included as Attachment 5.

Tier I Objectives

- Protect important riparian and lowland areas around the confluence of Dairy and Council Creeks and Dairy and McKay Creeks including linkages to existing public lands.
- Acquire lands along Council Creek to extend protection of the riparian area and to create a linkage between existing public lands.

Tier II Objectives

- Protect riparian and wetland areas along portions of Council, Dairy and McKay Creeks.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3855, APPROVING THE NATURAL AREAS ACQUISITION REFINEMENT PLAN FOR THE DAIRY AND MCKAY CREEKS CONFLUENCE TARGET AREA

Date: September 20, 2007

Prepared by: Jim Desmond
Kathleen Brennan-Hunter

BACKGROUND—REFINEMENT PROCESS

The Natural Areas Bond Measure (Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted by the Metro Council March 9, 2006) provided that Metro would undertake a “Refinement Process” to “gather additional information about each individual target area and begin zeroing in on particular parcels that would be valuable to acquire” (Exhibit A to Resolution No. 06-3672B). In addition, the Natural Areas Implementation Work Plan (Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007) authorized the Metro Chief Operating Officer to acquire properties without further Council approval if they have been identified on a Council-approved target area “confidential refinement map.” To implement those directives, the Refinement Plans for each target area contain overall target area objectives and confidential tax-lot specific target area maps identifying priority properties for acquisition, enabling Metro staff to begin the acquisition of property and property rights as detailed in the Natural Areas Implementation Work Plan.

On September 7, 2006, the Metro Council passed Resolution 06-3727 “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure.” This resolution provides direction to staff for land acquisition in target areas with rural agricultural land. The Dairy and McKay Creeks Confluence target area is one such area. During the refinement process representatives from various agricultural interests were consulted. Within this target area, land acquisition will be pursued in accordance with both the letter and the spirit of this resolution. Water quality and habitat protection are the primary focus for land acquisition. When contact is made with landowners, Metro staff will offer to purchase a conservation easement to protect the natural resources identified in this Refinement Plan. If the landowner prefers a fee title sale, Metro will purchase the land and will identify areas which are essential to achieve water quality and habitat protection goals and which are viable for agricultural use without conflict. Metro will offer this agricultural land for sale subject to a conservation easement. At the time habitat restoration commences, potential impacts to adjacent agricultural properties will be addressed.

Additional background information, target area information, a description of the specifics of the refinement process regarding this target area, and the refinement plan’s findings, goals, and objectives are described in further detail in Exhibit A to this resolution, the Dairy and McKay Creeks Confluence Target Area Refinement Plan.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted on March 9, 2006.

The voters’ approval of Metro’s 2006 Natural Areas Bond Measure at the general election held on November 7, 2006.

Resolution No. 07-3766A “Authorizing the Chief Operating Officer to Purchase Property With Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007, established the Acquisition Parameters and Due Diligence Guidelines for the purchase of properties as part of the 2006 Natural Areas Bond Program.

3. Anticipated Effects

Acquisition of natural area properties in the Dairy and McKay Creeks Confluence target area to achieve the goals and purposes of the 2006 Natural Areas Bond Measure.

4. Budget Impacts

The FY 2007-08 budget includes budgetary authority to purchase \$35 million in natural area lands, with an additional \$15.4 million in contingency, if necessary. It is estimated, based on historical spending patterns, that this authority will be sufficient to cover the anticipated acquisition activity for this fiscal year. Additional unappropriated fund balance (\$64 million) exists for land acquisition in future years, along with the authority to issue up to an additional \$102 million in General Obligation bonds in support of this program.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 07-3855.

Summary of Comments from Stakeholder Interviews for Dairy and McKay Creeks Confluence Target Area

Stakeholder(s) Interviewed

April Allison, Tualatin Riverkeepers
Ron Garst, Tualatin Riverkeepers
Richard Meyer, City of Cornelius
Kendra Smith, Clean Water Services
Robert VanderZanden and Dave Vanasche, Washington County Farm Bureau
Brian Wegener, Tualatin Riverkeepers Board Meeting
Sue Marshall, Tualatin Riverkeepers Board Meeting
Sue Beilke, Tualatin Riverkeepers Board Meeting
Ramsay Weit, Tualatin Riverkeepers Board Meeting
Segeni Meingae, Tualatin Riverkeepers Board Meeting
Sue McCloud, Tualatin Riverkeepers Board Meeting
John Driscoll, Tualatin Riverkeepers Board Meeting
Ginger Steele, New Leaf Nursery

Key Themes Discussed

Water Quality

- Environmental interests as a whole favor riparian corridor acquisitions over wetland, flood plain and upland parcels, although the latter are important for water quality in the streams that eventually flow into the Tualatin River.
- General agreement that riparian buffers are a greater benefit for water quality, wildlife habitat and passive recreation than “spot” acquisition of larger parcels for wetland and flood plain mitigation.

Wildlife Habitat

- Some recommend that consultant should look at Goal 5 habitat screen to identify key areas that did not get included in the Regional Goal 5 regulations as these have a high priority for protection. Because Metro went one mile out beyond its UGB, this will cover some of the Target Area, including McKay and Council Creeks, but will not cover the outlying portions of Dairy Creek.
- Some contend that a study of Council Creek west of existing public ownership towards Forest Grove was a “very unique habitat” including that for threatened pond turtles. In addition, the eastern portion of Council Creek towards its confluence with Dairy Creek contains “Old Camus Prairie”, of which only 1% left in the whole Willamette Valley.
- Potential partnerships for habitat protection include Three Rivers Conservancy and the Oregon Department of Fish and Wildlife (ODFW) (via the Oregon Conservation Strategy).

Land Use / Urban / Rural Form

- The overarching theme of representatives of the Washington County Farm Bureau is “to save the agricultural base”. This includes not only the inroads of urbanization into the arable land supply but into the infrastructure – e.g., farm implements, fertilizer sales – that supports agriculture. Even in the best of situations, urban encroachment causes problems – complaints about spraying, farm “odors” and noisy harvesting equipment; competing traffic on farm roads making it difficult to maneuver large farm equipment from field to field.
- The Farm Bureau, supported by 1,000 Friends and the Oregon Department of Agriculture, only supported the Greenspace bond initiative if it would not be at the expense of farmland; the bureau struck a deal with Metro Council to adopt Resolution 06-3727 requiring Metro to:
 - Negotiate conservation easements for stream corridors, leaving uplands in agricultural production. If easements not acceptable, parcel off the corridor and sell, leaving uplands intact.
 - If purchase only option, lease back uplands for farm production.
- Metro should partner with farmers as agricultural properties do abut streams in several instances. When combined with other stakeholders – Clean Water Services (CWS), Port of Portland, Three Rivers Conservancy – this makes for powerful partners. This includes engaging owners even if only seeking riparian corridor easements. Using money in this way, i.e., easements only, would provide a great “bang for the buck”.
- Agricultural interests note that acquisitions along Council and McKay Creeks would help to create natural boundaries for the Regional Urban Growth Boundary for the expansion of Cornelius northward and Hillsboro westward, respectively.
- Some discussion about acquisitions along Council Creek. Farm advocates want to see Council Creek as northern boundary of Cornelius to protect agricultural lands to north. Representative of Cornelius note that city’s boundaries already extend beyond creek and that it is interested in continued acquisitions along the creek to west, to connect up with trails in Forest Grove to Fernhill Wetlands, and to the east to Dairy Creek and beyond.

Relationship to 1995 Bond Measure

- Some note that it was a “lost opportunity” that the Target Area does not extend into the head waters, which lie significantly to the north, of the two creeks as real water quality/habitat preservation needs to start there.
- There is a single parcel on the south side of the Jackson Bottom complex that was not acquired in the mid-90s; CWS and others are interested in this parcel to extend trails and protect the flood plain. This acquisition doesn’t mean automatically that farming could not continue there.

Miscellaneous Comments

- One stakeholder identified a Port of Portland mitigation site at the confluence of Dairy and Council Creeks; the latter is working with CWS to develop restoration opportunities. The Port also looking for additional sites in Washington County for further mitigation related to expansion plans at Hillsboro Airport.
- There are several properties on either side of Dairy Creek in the vicinity of the Port mitigation site that may be an opportunity for obtaining conservation easements along the creek corridors to provide connectivity.

- One participant supports the creation of a hiking trail along Dairy Creek ideally from its confluence with McKay Creek all the way to Vernonia. However, she recognizes that if there are limited funds to spend on acquisitions in this target area, it is best to extend northward and westward of the confluence of the two creeks, to create continuous wildlife and hiking trails.
- Others supported acquisitions up the west side of McKay Creek along its boundary with the City of Hillsboro with connections northward across Highway 26, noting that the creek system in this part of Washington County is a “a regional jewel”.

QUESTIONNAIRE

TARGET AREA: DAIRY AND MCKAY CREEKS CONFLUENCE

In November 2006 voters directed the Metro Council to extend a regionwide program and acquire between 3,500 and 4,500 acres of additional natural areas to protect water quality and fish and wildlife habitat and to provide future generations opportunities for greater access to nature. Now it's time for the Metro Council to refine priorities in the 27 regional natural areas and trail corridors targeted for acquisition. The 1995 acreage goal for this target area was 335 and Metro has acquired 493 acres to date. The 2006 program will provide additional funding for protection goals in this target area.

The Metro Council wants your ideas and input. We've been talking with scientists, land-use experts, groups and individuals who have special knowledge about the natural resource values and community visions for these areas. With this information Metro has begun to identify the potential strategies and opportunities that will achieve the best results. Now we need to know: Do we have it right? What have we missed? What is most important to you?

2006 NATURAL AREAS BOND DESCRIPTION FOR THIS TARGET AREA

The creeks converge at the interface of farmland and the urban growth boundary, forming broad wetlands accessible to a rapidly urbanizing area. Protecting the riparian areas and associated wetlands in the confluence area will contribute significantly to improved water quality in these major tributaries of the Tualatin River.

QUESTIONS

1. **The following priorities were identified in the Dairy and McKay Creeks Confluence target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity and/or restoration potential and from information provided by key stakeholders in the area. Rank in order of importance to you from 1 to 6, with 1 being the most important and 6 being the least important.**

- _____ Protecting lands and associated wetlands along Dairy Creek from its confluence with McKay Creek and extending northward to NW Susbauer Road. **(Map area A)**
- _____ Protecting the creekside, wetlands and upland forested areas in and around the Camp Ireland Scout Camp to provide benefits to wildlife. **(Map area B)**
- _____ Protecting potential trail and habitat corridors along Council Creek from its confluence with Dairy Creek west to other protected public lands. **(Map area C)**
- _____ Securing lands along the west side of Council Creek to Martin Road to provide habitat corridors, a potential trail corridor and a buffer to urban development. **(Map area D)**
- _____ Protecting the lands along McKay Creek from its confluence with Dairy Creek northward towards the Camp Ireland Scout Camp primarily to buffer the area from urban development. **(Map area E)**
- _____ Protecting the lands along Dairy Creek north of Jackson Bottom to the confluence of Dairy and McKay creeks, with a focus on protecting the natural corridors along the creeks. **(Map area F)**

2. In general, what should be emphasized in the Dairy and McKay Creeks Confluence target area? Rank in order of importance to you from 1 to 4, with 1 being the most important and 4 being the least important.

- _____ Preserving lands along creeks and associated wetlands to protect water quality and wildlife habitat.
- _____ Protecting floodplains and wetlands for water quality and wildlife benefits.
- _____ Providing a natural buffer between urban development and farmland in the area.
- _____ Providing access to nature for people along greenway trail corridors.

3. Are there other priorities that the Metro Council should consider in the Dairy and McKay Creeks Confluence target area? Please be specific.

4. In what ways can Metro's Natural Areas Program be compatible with agricultural uses in the Dairy and McKay Creeks Confluence target area?

5. Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area?

6. Are you interested in participating in Metro's Natural Areas program by selling or donating your property or selling or donating a conservation easement on your property?

- Yes No If yes, please be sure to provide your contact information below.

7. Do you have any other comments about this target area?

Please add my name to the Dairy and McKay Creeks Confluence target area mailing list for future information, public meetings and events.

Name _____

Address _____

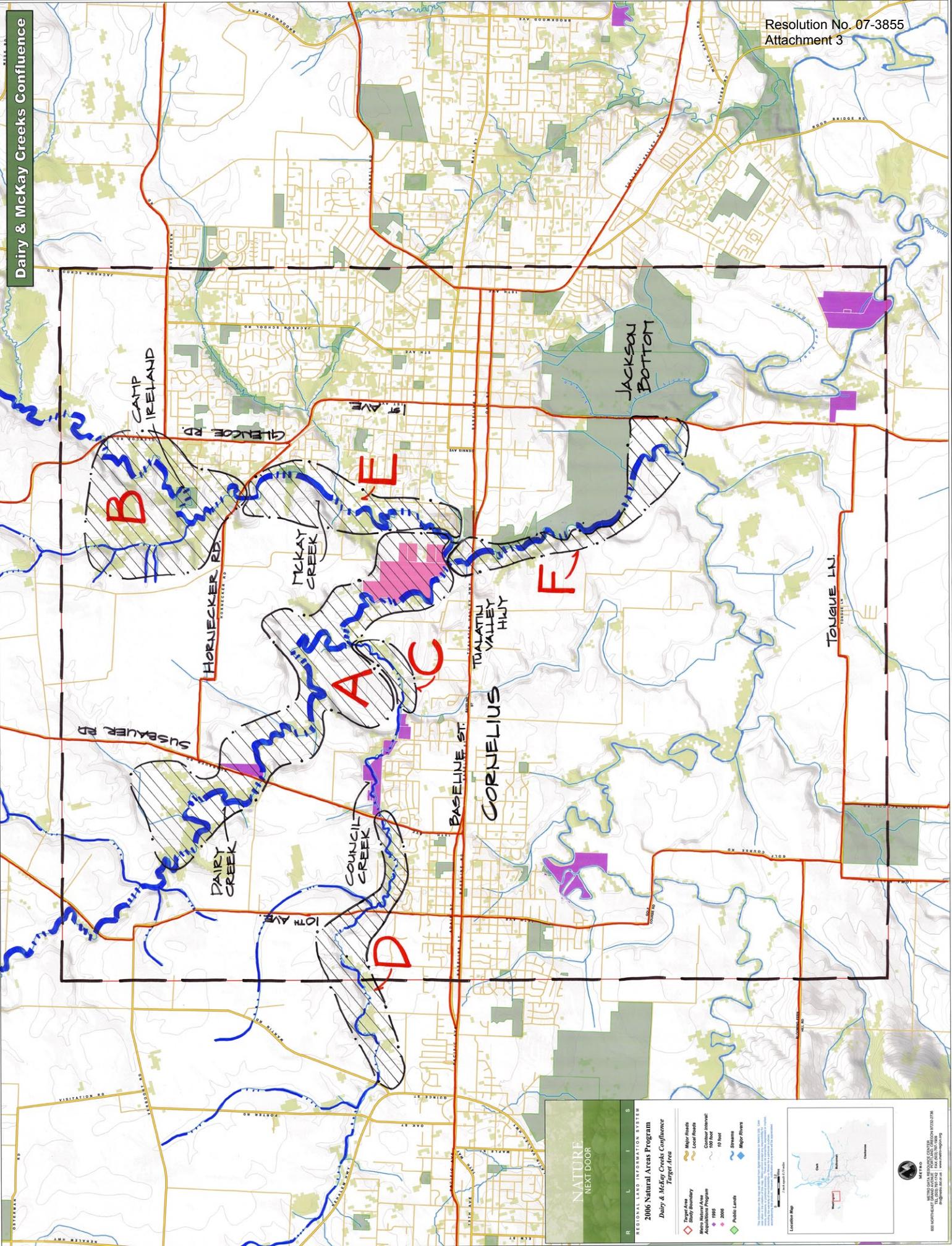
City/State/Zip _____

Phone _____

E-mail _____

**You may complete this questionnaire online at
www.metro-region.org/naturalareas**

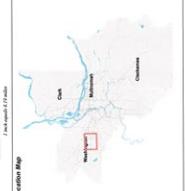
or mail it to Metro at
600 NE Grand Avenue, Portland, OR 97232
(503) 797-1741



NATURE
NEXT DOOR

REGIONAL LAND INTEGRATION SYSTEM
2006 Natural Areas Program
Dairy & McKay Creeks Confluence
Target Area

- Study Area
- Major Roads
- Local Roads
- 100 Foot Buffer
- 500 Foot Buffer
- 2006
- Public Lands
- Streams
- Major Rivers



Dairy and McKay Creeks Confluence Survey Results

1. The following priorities were identified in the Dairy and McKay Creeks Confluence target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity and/or restoration potential and from information provided by key stakeholders in the area. Rank in order of importance to you.

	most important					least important	Rating Average	Response Count
Protecting lands and associated wetlands along Dairy Creek from its confluence with McKay Creek and extending northward to NW Susbauer Road. (Map area A)	15.4% (2)	46.2% (6)	7.7% (1)	7.7% (1)	15.4% (2)	7.7% (1)	2.85	13
Protecting the creekside, wetlands and upland forested areas in and around the Camp Ireland Scout Camp to provide benefits to wildlife. (Map area B)	23.1% (3)	7.7% (1)	0.0% (0)	30.8% (4)	15.4% (2)	23.1% (3)	3.77	13
Protecting potential trail and habitat corridors along Council Creek from its confluence with Dairy Creek west to other protected public lands. (Map area C)	26.7% (4)	26.7% (4)	13.3% (2)	20.0% (3)	13.3% (2)	0.0% (0)	2.67	15
Securing lands along the west side of Council Creek to Martin Road to provide habitat corridors, a potential trail corridor and a buffer to urban development. (Map area D)	26.7% (4)	20.0% (3)	0.0% (0)	13.3% (2)	26.7% (4)	13.3% (2)	3.33	15
Protecting the lands along McKay Creek from its confluence with Dairy Creek northward towards the Camp Ireland Scout Camp primarily to buffer the area from urban development. (Map area E)	7.7% (1)	7.7% (1)	53.8% (7)	7.7% (1)	15.4% (2)	7.7% (1)	3.38	13
Protecting the lands along Dairy Creek north of Jackson Bottom to the confluence of Dairy and McKay creeks, with a focus on protecting the natural corridors along the creek. (Map area F)	6.7% (1)	0.0% (0)	26.7% (4)	20.0% (3)	6.7% (1)	40.0% (6)	4.40	15
	<i>answered question</i>							15
	<i>skipped question</i>							0

2. In general, what should be emphasized in the Dairy and McKay Creeks Confluence target area? Rank in order of importance to you.

	most important			least important	Rating Average	Response Count
Preserving lands along creeks and associated wetlands to protect water quality and wildlife habitat.	58.3% (7)	8.3% (1)	8.3% (1)	25.0% (3)	2.00	12
Protecting floodplains and wetlands for water quality and wildlife benefits.	0.0% (0)	33.3% (4)	58.3% (7)	8.3% (1)	2.75	12
Providing a natural buffer between urban development and farmland in the area.	25.0% (3)	8.3% (1)	16.7% (2)	50.0% (6)	2.92	12
Providing access to nature for people along greenway trail corridors.	16.7% (2)	50.0% (6)	16.7% (2)	16.7% (2)	2.33	12
	<i>answered question</i>					12
	<i>skipped question</i>					3

3. Are there other priorities that the Metro Council should consider in Dairy and McKay Creek target area? Please be specific.

Signs to direct use of public.
 Education in regard to the benefits of natural areas to farmers. How do these natural areas provide more/better water for them, more opportunity for pollinators.

4. Are there other priorities that the Metro Council should consider in Dairy and McKay Creek target area? Please be specific.

Make sure that the old cemetery at beginning of Speisschaert Rd be protected.
 Keeping public off adjacent private property. Safety for public use.
 All of these areas are vital for watershed health and wildlife habitat. Save this system - connect the whole. There isn't much time.

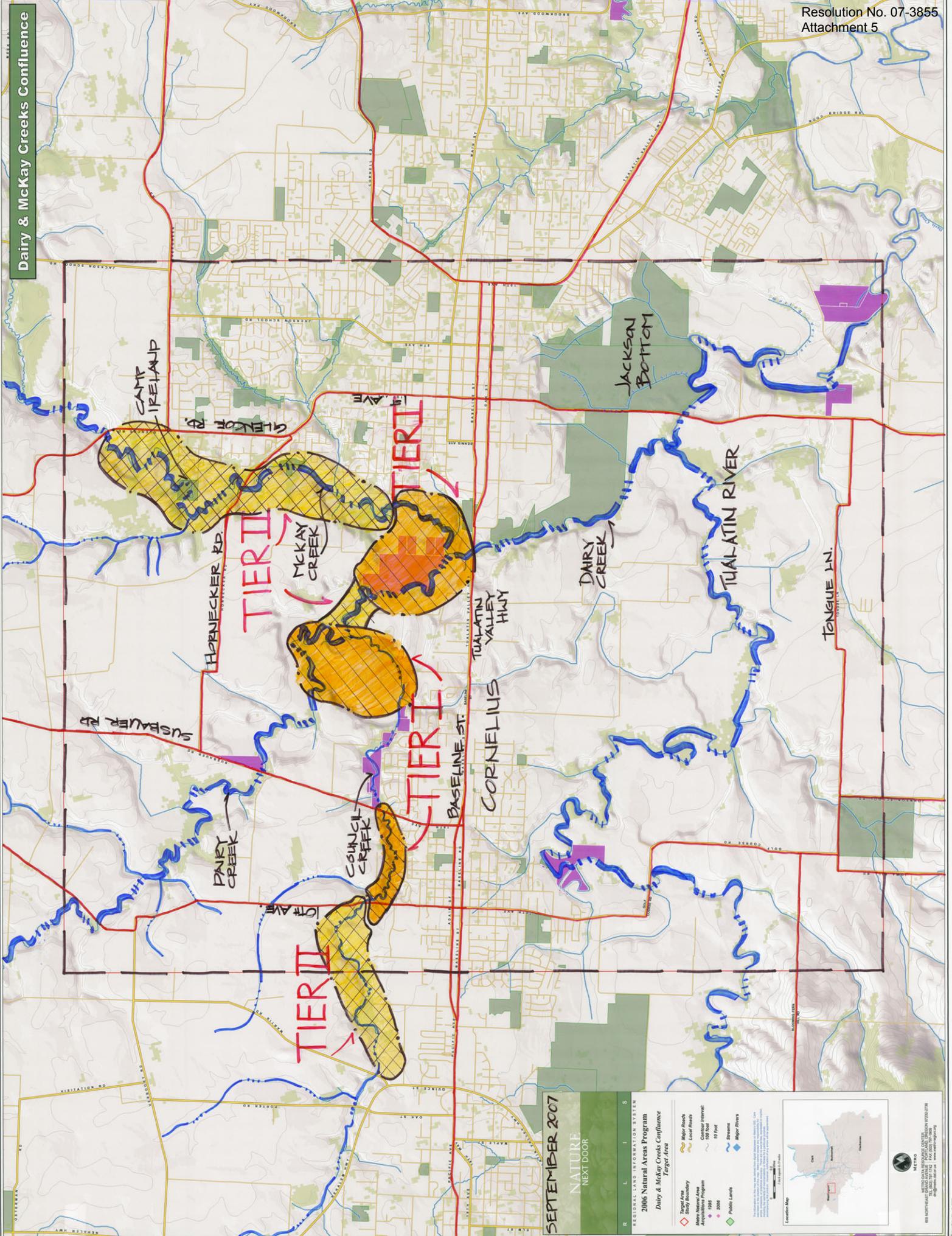
5. Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area? If so, please specify.

Provide assistance to prospective sellers.
 Some acreage owners might be willing to donate land or money to help, but don't send fast talking folks with suits and ties to talk with them. Respect their knowledge of land as you try to enhance it.

6. Do you have any other comments about this target area? If so, please specify.

Areas A and B are not threatened by development - not helpful to regional trail system of land use trails.
 Regions B & E have increasing development, roads, main avenue into Hillsboro from HWY 26. It is susceptible to impact from all this.

Dairy & McKay Creeks Confluence



SEPTEMBER 2007
NATURE
NEXT DOOR

REGIONAL LAND INFORMATION SYSTEM
2006 Natural Areas Program
Dairy & McKay Creeks Confluence
Target Area

- Major Roads
- Dairy Boundary
- Local Roads
- Metro Natural Area
- Acquisition Program
- 100 Foot
- 100 Year
- Public Lands
- Major Roads
- Major Rivers



Agenda Item Number 6.3

Resolution No. 07-3856, Approving the Natural Areas Acquisition Refinement Plan for the Wapato Lake Target Area.

Metro Council Meeting
Thursday, September 20, 2007
Metro Council Chamber

BEFORE THE METRO COUNCIL

APPROVING THE NATURAL AREAS ACQUISITION
REFINEMENT PLAN FOR THE WAPATO LAKE
TARGET AREA

RESOLUTION NO. 07-3856

Introduced by Chief Operating Officer
Michael J. Jordan, with the
concurrence of Council President
David Bragdon

WHEREAS, on March 9, 2006, the Metro Council adopted Resolution No. 06-3672B “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” recommending submission for voter approval a general obligation bond to preserve and protect natural areas, clean water, and fish and wildlife (the “2006 Natural Areas Bond Measure” or “Measure”); and

WHEREAS, at the election held on November 7, 2006, the voters approved Ballot Measure 26-80, the 2006 Natural Areas Bond Measure; and

WHEREAS, the Wapato Lake Target Area was identified in the Measure as one of 27 regional target areas for land acquisition; and

WHEREAS, as provided in the 2006 Natural Areas Bond Measure, Metro has undertaken a public refinement process to establish specific acquisition strategies, goals, objectives, and a confidential tax-lot specific acquisition target area map for each of the 27 target areas; and

WHEREAS, Metro’s refinement process included the compilation of available information about each target area; biological field visits and expert analysis of maps; interviews with key stakeholders including natural resource experts, property owners, representatives from state and local government agencies, and advocates from water quality, fish, and wildlife preservation interest groups; and eight public open houses at sites throughout the region and a “virtual” open house available via the internet, at which draft refinement plans were made available for public review and participants could share their target area priorities either in-person or electronically; and

WHEREAS, Metro’s acquisition of properties within the Wapato Lake Target Area will be in accordance with Metro Resolution 06-3727, “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure,” adopted September 7, 2006; and

WHEREAS, on March 1, 2007, the Council approved Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” authorizing the Metro Chief Operating Officer to acquire properties identified on a Council-approved target area “confidential refinement map;” and

WHEREAS, the Council has reviewed the draft refinement plans and considered information it has received from citizens, scientists, advocates, and state and local governments; now, therefore

BE IT RESOLVED that the Metro Council adopts the Wapato Lake Refinement Plan attached hereto as Exhibit A, including the confidential tax-lot specific map reviewed by the Council in Executive Session on September 4, 2007, and signed by Council President David Bragdon, and hereby authorizes the Chief Operating Officer to acquire properties in the Wapato Lake Target Area consistent with the Council-approved Acquisition Parameters and Due Diligence Guidelines of the Natural Areas Implementation Work Plan.

ADOPTED by the Metro Council this _____ day of _____ 2007.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

**2006 NATURAL AREAS ACQUISITION PROGRAM
WAPATO LAKE TARGET AREA REFINEMENT PLAN**

Background

The 2006 Natural Areas bond measure stated:

This ancient lakebed historically supported large numbers of waterfowl, including tundra swans. This flood-prone bottomland of the Tualatin River is being considered as a future wildlife refuge that will connect to existing public lands to the north located near Forest Grove and Hillsboro and attract tourists to Washington County. The area has the highest potential for protecting wildlife habitat and water quality in this part of the region, and also offers significant restoration opportunities.

On September 7, 2006, the Metro Council passed Resolution 06-3727 “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure.” This resolution provides direction to staff for land acquisition in target areas with rural agricultural land. The Wapato Lake target area is one such area. During the refinement process representatives from various agricultural interests were consulted. Within this target area, land acquisition will be pursued in accordance with both the letter and the spirit of this resolution. Water quality and habitat protection are the primary focus for land acquisition. When contact is made with landowners, Metro staff will offer to purchase a conservation easement to protect the natural resources identified in this Refinement Plan. If the landowner prefers a fee title sale, Metro will purchase the land and will identify areas which are essential to achieve water quality and habitat protection goals and which are viable for agricultural use without conflict. Metro will offer this agricultural land for sale subject to a conservation easement. At the time habitat restoration commences, potential impacts to adjacent agricultural properties will be addressed.

A biological assessment conducted for this target area placed high value on the potential for habitat restoration in the Wapato Lake area.

Target Area Description

The Wapato Lake target area lies near Gaston and Forest Grove close to the headwaters of the Tualatin River. Wapato Lake, once an ancient lakebed, is now largely in agricultural use. Farming and growers have helped maintain the rural character of the area and provided stewardship of this land for decades.

Historically, Wapato Lake was one of the most important waterfowl sites in the Willamette Valley. The lake basin held water year-round, supporting a large wetland scrub-shrub community, which included diverse wildlife and the wetland plant known as wapato, whose tuber was an important potato-like staple for native and early Americans. With seasonal floodwaters of the Tualatin River, the lake would spread from approximately 600 acres to nearly 1,500 acres. The organic peat soils of the lakebed are a large and unique remnant of a wetland system once widely distributed in the Willamette Valley but scarce today.

In the 1930s, local landowners drained the lake in order to use the area for agricultural purposes. Even with vast changes over the years, the lake is still used extensively by tundra swans, geese and dabbling ducks. Much of the Wapato Lake area was recently designated a National Wildlife Refuge. There is potential to connect more than 5,000 acres of wetland habitat from Cornelius to the southwestern edge of Washington County.

A biological assessment conducted for this target area noted that the Wapato lakebed and the Tualatin River floodplain provide a major opportunity to restore more riparian forest and floodplain wetlands with high conservation value. These habitats have incurred large losses in the Willamette Valley and many species of concern depend on them. Restoration of wetlands on the

Wapato lakebed is a significant opportunity to restore a rare ecosystem and to connect to the protected lands downriver and to form an important corridor along the entire floodplain.

Vital wildlife corridors link the nearby Chehalem Ridgetop to Refuge target area to Wapato Lake and the Coast Range.

Refinement Process

During the refinement process, Metro staff compiled available information about the Wapato Lake target area, analyzed maps and conducted biological field visits. Individuals were interviewed representing various government agencies, property owners, interested friends groups and natural resource experts. The key concerns expressed during the interviews are summarized in Attachment 1.

A public open house to discuss the proposed Refinement Plan was held on June 26, 2007 at the Forest Grove Community Auditorium, one of eight such open houses held throughout the region. Notices of the open houses were mailed to area residents and other interested citizens. Metro also conducted a “virtual” open house by making target area informational materials, including maps, available “online” via the internet and allowing participants to share their target area priorities electronically. A total of 527 people attended the regional open houses, and the online open house had 6,363 visits from 3,419 unique visitors. More than 700 target surveys were submitted either in person or online. Twenty-eight people completed surveys for Wapato Lake. A copy of the survey questionnaire is included as Attachment 2. The map associated with the questionnaire for this target area is included as Attachment 3, and complete survey results are included as Attachment 4.

Findings

- Wapato Lake, at the headwaters of the Tualatin River Valley, is an ancient lakebed that was historically one of the most important waterfowl sites in the Willamette Valley and is still extensively used by dabbling ducks, Canada geese, and tundra swans.
- This flood-prone bottomland of the Tualatin River was approved by the U.S. Fish and Wildlife Service for acquisition and development as a National Wildlife Refuge that will connect to existing public lands to the north (such as Metro’s Gales Creek Open Space) located near Forest Grove and Hillsboro and attract tourists to Washington County.
- Birds, northern red-legged frogs and western pond turtles use the wetland habitats in the area.
- Restoring Wapato Lake would improve habitat conditions for a number of native fish species including Chinook salmon, upper Willamette River steelhead, coho salmon and Oregon chub, among many others.
- Stream and riparian restoration could link Wapato Lake to adjacent spawning habitat.
- Wapato soils are organic peat that once supported a broad group of regionally rare plants such as Geyer willow, Columbia sedge and bogbean. The wapato plant (*Sagittaria latifolia*) was found in stands in the upper marsh areas.
- A science assessment conducted by the Oregon Natural Heritage Program in April 2007 placed high habitat value on the Wapato target area.
- The Wapato lakebed and the Tualatin River floodplain north of the Wapato Lake water control structures contain significant remnant stands of riparian forest and organic muck soils of the former Wapato lakebed.
- Habitats similar to Wapato have had large losses in the Willamette Valley and many species of conservation concern depend on them.

- Wapato lakebed offers an opportunity to contribute to groundwater recharge and flood water storage as well as the wildlife benefits.
- Establishing connections between Wapato Lake and the flanking Chehalem uplands will provide important corridors for wildlife using both target areas.
- Because these connections are dependent on priorities set in both the Wapato Lake and the Chehalem Ridge target areas, it is important to coordinate refinement goals and acquisitions in these two target areas.
- Gales Creek offers opportunities to link public land for the protection of riparian areas and to provide public access adjacent to the City of Forest Grove.
- Partnership opportunities exist with the City of Forest Grove, Clean Water Services, Tualatin River Watershed Council, Tualatin Riverkeepers, USDA Natural Resources Conservation Service and the Joint Water Commission in protecting and enhancing the Gales Creek area.
- A need exists for continuing cooperative partnerships with the Washington County Farm Bureau and other area agricultural interests.
- Twenty-eight people completed surveys for Wapato Lake. In rank order, the public priorities matched the order they appear on the map areas:
 1. *Map area C* – Protect lands along Gales Creek, including the floodplain, from its confluence with the Tualatin River north to Ritchey Road for wildlife connections, flood management, and future recreation opportunities.
 2. *Map area A* – Protect bottomland and lands along the Tualatin River south from the Fernhill Wetlands area to Gaston, including the northern basin of Wapato Lake, which is the northern portion of the wildlife refuge area designated by the U.S. Fish and Wildlife Service.
 3. *Map area B* – Seek connections to the Chehalem Mountains to protect wildlife corridors and water quality, as identified in the Chehalem Ridgetop target area objectives.
 4. *Map area D* – Support the U. S. Fish and Wildlife Service’s acquisitions of Wapato Lake properties south of Gaston Road in the southern portion of the wildlife refuge area designated by the U. S. Fish and Wildlife Service.

Goals

Protect lands in the Wapato Lake area for water quality and wildlife habitat benefits.

Objectives

A target area map showing the tiered objectives described below is included as Attachment 5.

Tier I Objective

- Protect bottomland and lands along the Tualatin River south from the Fernhill Wetlands area to Gaston, including the northern basin of Wapato Lake.

Tier II Objective

- Protect lands along Gales Creek, including the floodplain, from its confluence with the Tualatin River north to Ritchey Road for wildlife connections and water quality.

Partnership Objectives

- Support the U.S. Fish and Wildlife Service’s land acquisition efforts in the Wapato Lake area.

EXHIBIT A TO RESOLUTION NO. 07-3856

- Explore partnership opportunities with the U.S. Fish and Wildlife Service, City of Forest Grove, Clean Water Services, Tualatin River Watershed Council, Tualatin Riverkeepers, USDA Natural Resources Conservation Service and the Joint Water Commission to leverage regional dollars targeted to Fernhill Wetlands/Gales Creek area.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3856, APPROVING THE NATURAL AREAS ACQUISITION REFINEMENT PLAN FOR THE WAPATO LAKE TARGET AREA

Date: September 20, 2007

Prepared by: Jim Desmond
Kathleen Brennan-Hunter

BACKGROUND—REFINEMENT PROCESS

The Natural Areas Bond Measure (Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted by the Metro Council March 9, 2006) provided that Metro would undertake a “Refinement Process” to “gather additional information about each individual target area and begin zeroing in on particular parcels that would be valuable to acquire” (Exhibit A to Resolution No. 06-3672B). In addition, the Natural Areas Implementation Work Plan (Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007) authorized the Metro Chief Operating Officer to acquire properties without further Council approval if they have been identified on a Council-approved target area “confidential refinement map.” To implement those directives, the Refinement Plans for each target area contain overall target area objectives and confidential tax-lot specific target area maps identifying priority properties for acquisition, enabling Metro staff to begin the acquisition of property and property rights as detailed in the Natural Areas Implementation Work Plan.

Additional background information, target area information, a description of the specifics of the refinement process regarding this target area, and the refinement plan’s findings, goals, and objectives are described in further detail in Exhibit A to this resolution, the Wapato Lake Target Area Refinement Plan.

ANALYSIS/INFORMATION

1. **Known Opposition**

None.

2. **Legal Antecedents**

Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted on March 9, 2006.

The voters’ approval of Metro’s 2006 Natural Areas Bond Measure at the general election held on November 7, 2006.

Resolution No. 07-3766A “Authorizing the Chief Operating Officer to Purchase Property With Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007, established the Acquisition Parameters and Due Diligence Guidelines for the purchase of properties as part of the 2006 Natural Areas Bond Program.

3. **Anticipated Effects**

Acquisition of natural area properties in the Wapato Lake target area to achieve the goals and purposes of the 2006 Natural Areas Bond Measure.

4. **Budget Impacts**

The FY 2007-08 budget includes budgetary authority to purchase \$35 million in natural area lands, with an additional \$15.4 million in contingency, if necessary. It is estimated, based on historical spending patterns, that this authority will be sufficient to cover the anticipated acquisition activity for this fiscal year. Additional unappropriated fund balance (\$64 million) exists for land acquisition in future years, along with the authority to issue up to an additional \$102 million in General Obligation bonds in support of this program.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 07-3856.

Summary of Comments from Stakeholder Interviews for Wapato Lake Target Area

Stakeholder(s) Interviewed

April Allison, Tualatin Riverkeepers
Bob VanderZanden, Washington County Farm Bureau
Halley Hayworth, Gaston resident and farmer
Kendra Smith, Clean Water Services
Ron Garst, Tualatin Riverkeepers/Tualatin River Watershed Council
Tom Gamble, City of Forest Grove Parks Department
Tualatin Riverkeepers Board Meeting: Brian Wegener (Staff); Sue Marshall, Sue Beilke. Ramsay
Weit, Segeni Meingae, Sue McCloud, John Driscoll (Board Members)
US Fish & Wildlife

Key Themes Discussed

Water Quality

- Wapato provides a natural storage facility that could have significant value if not pumped; could take pressure off Hagg Lake dam.
- First priority is tying in Fernhill Wetlands from the north to Wapato, then to Gales Creek.
- Water quality in this portion of Tualatin River basin is priority, given the proximity of Forest Grove's water treatment facility.
- Holding water in Wapato will assist with groundwater recharge.
- Prioritizing riparian corridor acquisitions will improve water quality of the Tualatin River.
- Natural spring on slope of Chehalem Ridge serves eleven properties along Spring Hill Road.
- Protection of Chehalem Ridge will have positive impacts to water quality of Wapato.

Wildlife Habitat

- Lake is key habitat for Tundra Swans and other migratory birds.
- Riparian corridor protection offers opportunity for increased quality of habitat for fish and wildlife.
- There is a wildlife and potential human access corridor east along tributaries from Chehalem Ridgetop. Land Use / Urban/Rural Form
- Pursue easements on farmland to greatest extent possible.
- Farmers require access to water sources through publicly-owned riparian areas.
- Forest Grove plans encourage trail along Gales Creek, especially along floodplain. Good opportunity to contain development north of Gales and opportunity to link Gales to Hagg Lake.

Public Access/Trails

- Link Wapato to Gales Creek via Fernhill Wetland complex. Potential for trails connecting from Forest Grove to Chehalem Ridgetop and down to Wapato Lake.
- Wapato Lake provides significant opportunity for education; need to address public access across agricultural land.
- Tualatin River Trail can connect through Gales Creek and onto Banks/Vernonia Trail.
- Concentrate activity toward Highway 47 and away from agricultural areas and rural “scenic routes”. Concern regarding traffic (auto and bicycle) impacts in agricultural areas as public access increases.
- Metro property near Fernhill Wetlands could provide a good trailhead site.

Challenges

- Wildlife and farming – need to analyze population dynamics and water impacts to adjacent lands; Jackson Bottoms provides a relevant case study.
- Limited funding – look to partner with ecrep and crep programs and for easements.
- Potential increase in beaver and other wildlife near agricultural uses that effect farming. Need to create “critical mass” for habitat and remove “easy connections” to farmland in order to make Metro lands more attractive to wildlife.

Other Stakeholder Comments

- Metro needs to honor its agriculture agreement to pursue easements for precise properties needed for habitat and water quality in order to maximize land left in use for farming.
- Forest Grove is in the midst of a Parks and Trails planning process that could contribute to public access strategies (to be completed by August 2007).
- Clean Water Services and other partners are in the midst of developing a master plan for Fernhill Wetlands Complex that may effect refinement strategies.
- Location of US Fish and Wildlife’s interpretive center for Wapato could effect refinement strategies.
- Water quality is critical west of Highway 47 near Mt. Richmond Road, where the Tualatin River turns from “crystal clear” to “turbid” due to on-going agricultural-related erosion. Improving this area could significantly improve water quality downstream/Wapato Lake.
- Difficult to farm with rising water levels at Hagg Lake
- Concern about taking land out of farming
- Turning Wapato Lake into a year-round lake could have negative impacts on surrounding farms; if Metro purchases land outright, need to review impact to adjacent properties.
- Waterway debris piles up and effects agricultural uses; need to mitigate impacts.
- For trail/access, bridge over Gales Creek required to link Fernhill to Wapato.

QUESTIONNAIRE

TARGET AREA: WAPATO LAKE

In November 2006 voters directed the Metro Council to extend a regionwide program and acquire between 3,500 and 4,500 acres of additional natural areas to protect water quality and fish and wildlife habitat and to provide future generations opportunities for greater access to nature. Now it's time for the Metro Council to refine priorities in the 27 regional natural areas and trail corridors targeted for acquisition. Initial estimates are that a minimum of 400 acres of land would be protected within this target area.

The Metro Council wants your ideas and input. We've been talking with scientists, land-use experts, groups and individuals who have special knowledge about the natural resource values and community visions for these areas. With this information Metro has begun to identify the potential strategies and opportunities that will achieve the best results. Now we need to know: Do we have it right? What have we missed? What is most important to you?

2006 NATURAL AREAS BOND DESCRIPTION FOR THIS TARGET AREA

This ancient lakebed historically supported large numbers of waterfowl, including tundra swans. This flood-prone bottomland of the Tualatin River is being considered as a future wildlife refuge that will connect to existing public lands to the north located near Forest Grove and Hillsboro and attract tourists to Washington County. The area has the highest potential for protecting wildlife habitat and water quality in this part of the region, and also offers significant restoration opportunities.

QUESTIONS

- 1. The following priorities were identified in the Wapato Lake target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity and/or restoration potential and from information provided by key stakeholders in the area. Rank in order of importance to you from 1 to 4, with 1 being the most important and 4 being the least important.**

- _____ Protecting bottomland and lands along the Tualatin River south from the Fernhill Wetlands area to Gaston, including the northern basin of Wapato Lake, which is the northern portion of the wildlife refuge area designated by the U.S. Fish and Wildlife Service. **(Map area A)**
- _____ Seeking connections to the Chehalem Mountains to protect wildlife corridors and water quality, as identified in the Chehalem Ridgetop target area objectives. **(Map area B)**
- _____ Protecting lands along Gales Creek, including the floodplain, from its confluence with the Tualatin River north to Ritchey Road for wildlife connections, flood management, and future recreation opportunities. **(Map area C)**
- _____ Supporting the U. S. Fish and Wildlife Service's acquisitions of Wapato Lake properties south of Gaston Road in the southern portion of the wildlife refuge area designated by the U. S. Fish and Wildlife Service. **(Map area D)**

2. In general, what should be emphasized in the Wapato Lake target area? Rank in order of importance to you from 1 to 5, with 1 being the most important and 5 being the least important.

- _____ Preserving land along the Tualatin River and Gales Creek including their associated wetlands to protect water quality and wildlife habitat.
- _____ Protecting the floodplains along the Tualatin River and Gales Creek for future wetland enhancement potential.
- _____ Establishing the Wapato Refuge and connecting it to the Tualatin River Wildlife Refuge.
- _____ Providing a natural buffer between urban development and farmland in the area.
- _____ Providing access to nature for people in the future, particularly opportunities for wildlife watching and environmental education.

3. Are there other priorities that the Metro Council should consider in the Wapato Lake target area? Please be specific.

4. In what ways can Metro's Natural Areas Program be compatible with agricultural uses in the Wapato Lake target area?

5. Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area?

6. Are you interested in participating in Metro's Natural Areas program by selling or donating your property or selling or donating a conservation easement on your property?

Yes No If yes, please be sure to provide your contact information below.

7. Do you have any other comments about this target area?

Please add my name to the Wapato Lake target area mailing list for future information, public meetings and events.

Name _____

Address _____

City/State/Zip _____

Phone _____

E-mail _____

**You may complete this questionnaire online at
www.metro-region.org/naturalareas**

or mail it to Metro at
600 NE Grand Avenue, Portland, OR 97232
(503) 797-1741

Wapato Lake Survey Results

1. The following priorities were identified in the Wapato Lake target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity and/or restoration potential and from information provided by key stakeholders in the area. Rank in order of importance to you.

	most important			least important	Rating Average	Response Count
Protecting bottomland and lands along the Tualatin River south from the Fernhill Wetlands area to Gaston, including the northern basin of Wapato Lake, which is the northern portion of the wildlife refuge area designated by the U.S. Fish and Wildlife Service. (Map area A)	23.1% (6)	38.5% (10)	38.5% (10)	0.0% (0)	2.15	26
Seeking connections to the Chehalem Mountains to protect wildlife corridors and water quality, as identified in the Chehalem Ridgetop target area objectives. (Map area B)	11.5% (3)	46.2% (12)	15.4% (4)	26.9% (7)	2.58	26
Protecting lands along Gales Creek, including the floodplain, from its confluence with the Tualatin River north to Ritchey Road for wildlife connections, flood management, and future recreation opportunities. (Map area C)	53.8% (14)	7.7% (2)	23.1% (6)	15.4% (4)	2.00	26
Supporting the U. S. Fish and Wildlife Service's acquisitions of Wapato Lake properties south of Gaston Road in the southern portion of the wildlife refuge area designated by the U. S. Fish and Wildlife Service. (Map area D)	11.5% (3)	7.7% (2)	23.1% (6)	57.7% (15)	3.27	26
	<i>answered question</i>					27
	<i>skipped question</i>					1

2. In general, what should be emphasized in the Wapato Lake target area? Rank in order of importance to you.

	most important				least important	Rating Average	Response Count
Preserving land along the Tualatin River and Gales Creek including their associated wetlands to protect water quality and wildlife habitat.	65.4% (17)	7.7% (2)	7.7% (2)	11.5% (3)	7.7% (2)	1.88	26
Protecting the floodplains along the Tualatin River and Gales Creek for future wetland enhancement potential.	8.0% (2)	64.0% (16)	20.0% (5)	4.0% (1)	4.0% (1)	2.32	25
Establishing the Wapato Refuge and connecting it to the Tualatin River Wildlife Refuge.	16.0% (4)	12.0% (3)	20.0% (5)	12.0% (3)	40.0% (10)	3.48	25
Providing a natural buffer between urban development and farmland in the area.	0.0% (0)	16.0% (4)	44.0% (11)	24.0% (6)	16.0% (4)	3.40	25
Providing access to nature for people in the future, particularly opportunities for wildlife watching and environmental education.	11.5% (3)	0.0% (0)	7.7% (2)	46.2% (12)	34.6% (9)	3.92	26
	<i>answered question</i>						27
	<i>skipped question</i>						1

3. Are there other priorities that the Metro Council should consider in this target area? If so, please specify.

Work to reduce or eliminate trespassing on private land.
It appears that there may be more important opportunities for lands along stream and river corridors that have already been identified as important resources to protect like the Tualatin River, Council Creek and Gales Creek. The land use zoning along these corridors may permit development to some extent and preclude future public uses. The Wapato Lake area (Area A) already has some of the most restrictive zoning in the Metro area in place that would preclude future development. Area B east of Gaston already has been impacted by rural residential development. It just seems like we should be looking more towards lands closer to the urban fringe that are going to be harder to protect in the future as Urban Reserves and Exception Lands are proposed for new development.
For some reason, my browser does not enable me to answer your first two questions in the above location, SO the most important in #1 is Map Area C and the most important in the second question is number 1. In addition, I think the designation of area C for natural area on existing plans should govern. At present, the City and developers are cooperating to develop property in the area for housing. This is against the wishes of the majority of the neighbors and probably violates Metro's own objectives.
Gales Creek is the federally designated critical habitat sub-basin for federally listed winter steelhead.
Have you approached Native American groups - casino \$ contacts to see if recreational and educational components could be blended into area use.
Do not hinder eco-tourism - Gaston is an economically depressed area.
Integrate goals and info sharing with "friends" groups of Jackson Bottom and Fern Hill Wetlands.
Acquisition of land for future trail links (Hagg Lake, Forest Grove loop & outward).
Protect and fund "Emerald Necklace" trail around Forest Grove

4. In what ways can Metro's Natural Areas Program be compatible with agricultural uses in the Wapato Lake target area?

Can BPA mitigation funds be used? Ducks Unlimited has money. Wetlands Conservancy.

Carefully transition the use from agricultural to a natural area. In other words, slow down the farming use gradually and let the land change itself into a more natural area.

Do not allow housing to progress any further to the south and west of Forest Grove than it does at present. There is a very important community effort by Adelante Mujeres, for example, in the area near the lakebed. It supplies locally grown produce to the Forest Grove Farmer's Market. This is only one example of the very important sources of local food for the area. We must not allow ourselves to be dependent on foreign nations for our food supply.

Allow farming no matter who owns it. Allow hunting.

Allow land to be farmed in summer when land is dry - lease to farmers.

Crop residue after harvest for winter waterfowl food source (types of crops to encourage farming).

Improve water quality and table. Improve flood control.

5. Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area? If so, please specify.

Metro should try to "partner" with cities such as Forest Grove to help them attain the objectives of the Natural Areas program. At present, only land developers are operating that way. That's why areas unsuitable for housing become targets for development. Thank you for this opportunity to comment.

Partnering with those working in the areas. Working group in the Gales Creek Area.

Talk to lumber mill at Scoggins Creek. This would be good PR for them.

Seek North American Wetlands Conservation Act grant and OWEB funding to match Metro funds for land acquisition. NAWCA requires 1:2 match and provides up to \$1 million per grant: \$1 million NAWCA / \$1 million Metro / \$1 million OWEB = \$3 million. Acquisitions could be phased to secure multiple NAWCA grants. NAWCA and OWEB can also provide funding for wetland restoration. Alternatively, but more complex, would be to use USDA's Wetlands Reserve Program. Existing landowners would need to apply for and enroll in WRP, which would purchase permanent conservation easement. Metro could then buy remaining fee title interest -- perhaps even through same escrow.

6. Do you have any other comments about this target area? If so, please specify.

How will raising Hagg Lake impact this area?

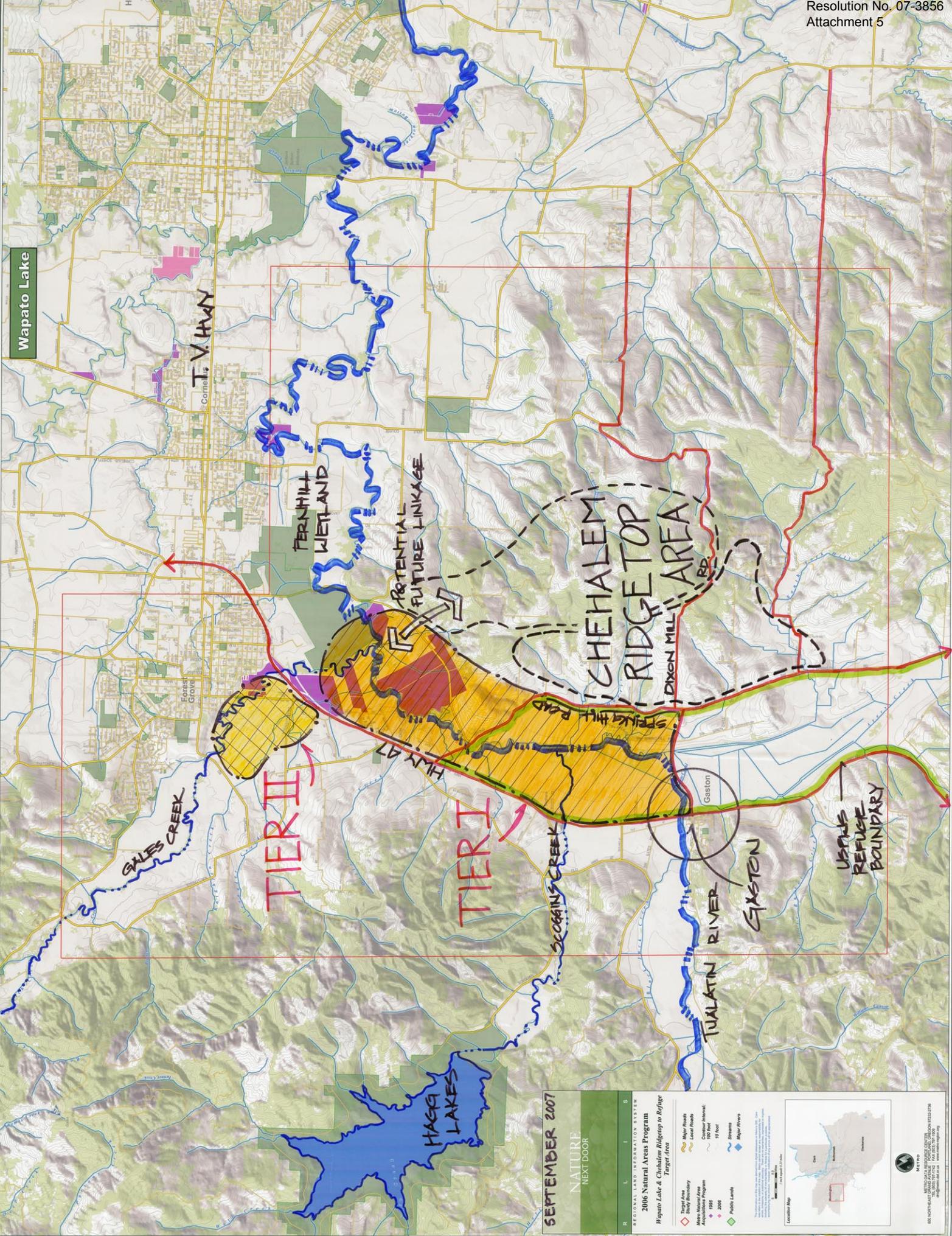
I would do easement, but my property is not close. Glad to see willingness to work with USFW in property acquisition and expanding it with Metro owned land(s).

Acquisition of Gales Creek and Tualatin Link. Creation of loop trail around Forest Grove would serve as a critical hub for future links to Wapato, Hagg Lake, Council/Dairy Creek, Banks/Vernonia, Gales Creek, and eventually to Forest Park!

The area from B Street to Davids Hill Road is the Gales Creek Natural Area as defined by the Forest Grove Comprehensive plan. This calls for "minimum development" yet Metro overturned the FG Planning commission's recommendation for 4 units per acre to 10 units per acre. This area should be protected as stipulated in the Comp Plan for FG.

Gales Creek from B Street to David's Hill Road is the "Gales Creek Natural Area" as defined by the Forest Grove comprehensive plan. This calls for "minimum development", yet Metro overturned the recommendation of the Forest Grove Planning Commission for 4 units per acre to 10 units per acre. Is this the way Metro protects the environment?

From a habitat conservation standpoint and overall biological value, this is probably the most important acquisition target for Metro.



Wapato Lake

T.V. HWY

FERNHILL WETLAND

POTENTIAL FUTURE LINKAGE

CHEHALEM RIDGE TOP AREA

DIXON MILL AREA

TIER II

TIER I

HWY 47

SPIKETHRIFT ROAD

SCOGAIN'S CREEK

TUALATIN RIVER

GASTON

USFS REFUGE BOUNDARY

HAGIA LAKES

SEPTEMBER 2007
NATURE NEXT DOOR

REGIONAL LAND INFORMATION SYSTEM
2006 Natural Areas Program
Wapato Lake & Chehallem Ridge Top to Refuge
Target Area



0001 NORTH-SOUTH AVENUE, SUITE 200, PORTLAND, OREGON 97202-3798
503.944.1000
WWW.METRO.ORG

Resolution No. 07-3857, Approving the Natural Areas Acquisition
Refinement Plan for the Chehalem Ridgetop to Refuge Target
Area

Metro Council Meeting
Thursday, September 20, 2007
Council Chamber

BEFORE THE METRO COUNCIL

APPROVING THE NATURAL AREAS ACQUISITION
REFINEMENT PLAN FOR THE CHEHALEM
RIDGETOP TO REFUGE TARGET AREA

RESOLUTION NO. 07-3857

Introduced by Chief Operating Officer
Michael J. Jordan, with the
concurrence of Council President
David Bragdon

WHEREAS, on March 9, 2006, the Metro Council adopted Resolution No. 06-3672B “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” recommending submission for voter approval a general obligation bond to preserve and protect natural areas, clean water, and fish and wildlife (the “2006 Natural Areas Bond Measure” or “Measure”); and

WHEREAS, at the election held on November 7, 2006, the voters approved Ballot Measure 26-80, the 2006 Natural Areas Bond Measure; and

WHEREAS, the Chehalem Ridgetop to Refuge Target Area was identified in the Measure as one of 27 regional target areas for land acquisition; and

WHEREAS, as provided in the 2006 Natural Areas Bond Measure, Metro has undertaken a public refinement process to establish specific acquisition strategies, goals, objectives, and a confidential tax-lot specific acquisition target area map for each of the 27 target areas; and

WHEREAS, Metro’s refinement process included the compilation of available information about each target area; biological field visits and expert analysis of maps; interviews with key stakeholders including natural resource experts, property owners, representatives from state and local government agencies, and advocates from water quality, fish, and wildlife preservation interest groups; and eight public open houses at sites throughout the region and a “virtual” open house available via the internet, at which draft refinement plans were made available for public review and participants could share their target area priorities either in-person or electronically; and

WHEREAS, on March 1, 2007, the Council approved Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” authorizing the Metro Chief Operating Officer to acquire properties identified on a Council-approved target area “confidential refinement map;” and

WHEREAS, the Council has reviewed the draft refinement plans and considered information it has received from citizens, scientists, advocates, and state and local governments; now, therefore

BE IT RESOLVED that the Metro Council adopts the Chehalem Ridgetop to Refuge Refinement Plan attached hereto as Exhibit A, including the confidential tax-lot specific map reviewed by the Council in Executive Session on September 4, 2007, and signed by Council President David Bragdon, and hereby authorizes the Chief Operating Officer to acquire properties in the Chehalem Ridgetop to Refuge Target Area consistent with the Council-approved Acquisition Parameters and Due Diligence Guidelines of the Natural Areas Implementation Work Plan.

ADOPTED by the Metro Council this _____ day of _____ 2007.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3856, APPROVING THE NATURAL AREAS ACQUISITION REFINEMENT PLAN FOR THE WAPATO LAKE TARGET AREA

Date: September 20, 2007

Prepared by: Jim Desmond
Kathleen Brennan-Hunter

BACKGROUND—REFINEMENT PROCESS

The Natural Areas Bond Measure (Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted by the Metro Council March 9, 2006) provided that Metro would undertake a “Refinement Process” to “gather additional information about each individual target area and begin zeroing in on particular parcels that would be valuable to acquire” (Exhibit A to Resolution No. 06-3672B). In addition, the Natural Areas Implementation Work Plan (Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007) authorized the Metro Chief Operating Officer to acquire properties without further Council approval if they have been identified on a Council-approved target area “confidential refinement map.” To implement those directives, the Refinement Plans for each target area contain overall target area objectives and confidential tax-lot specific target area maps identifying priority properties for acquisition, enabling Metro staff to begin the acquisition of property and property rights as detailed in the Natural Areas Implementation Work Plan.

On September 7, 2006, the Metro Council passed Resolution 06-3727 “For the Purpose of Establishing Metro Council Policy Regarding the Acquisition of Rural Agricultural Land Pursuant to the 2006 Natural Areas Acquisition and Water Quality Protection Bond Measure.” This resolution provides direction to staff for land acquisition in target areas with rural agricultural land. The Wapato Lake target area is one such area. During the refinement process representatives from various agricultural interests were consulted. Within this target area, land acquisition will be pursued in accordance with both the letter and the spirit of this resolution. Water quality and habitat protection are the primary focus for land acquisition. When contact is made with landowners, Metro staff will offer to purchase a conservation easement to protect the natural resources identified in this Refinement Plan. If the landowner prefers a fee title sale, Metro will purchase the land and will identify areas which are essential to achieve water quality and habitat protection goals and which are viable for agricultural use without conflict. Metro will offer this agricultural land for sale subject to a conservation easement. At the time habitat restoration commences, potential impacts to adjacent agricultural properties will be addressed.

Additional background information, target area information, a description of the specifics of the refinement process regarding this target area, and the refinement plan’s findings, goals, and objectives are described in further detail in Exhibit A to this resolution, the Wapato Lake Target Area Refinement Plan.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. **Legal Antecedents**

Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted on March 9, 2006.

The voters’ approval of Metro’s 2006 Natural Areas Bond Measure at the general election held on November 7, 2006.

Resolution No. 07-3766A “Authorizing the Chief Operating Officer to Purchase Property With Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007, established the Acquisition Parameters and Due Diligence Guidelines for the purchase of properties as part of the 2006 Natural Areas Bond Program.

3. **Anticipated Effects**

Acquisition of natural area properties in the Wapato Lake target area to achieve the goals and purposes of the 2006 Natural Areas Bond Measure.

4. **Budget Impacts**

The FY 2007-08 budget includes budgetary authority to purchase \$35 million in natural area lands, with an additional \$15.4 million in contingency, if necessary. It is estimated, based on historical spending patterns, that this authority will be sufficient to cover the anticipated acquisition activity for this fiscal year. Additional unappropriated fund balance (\$64 million) exists for land acquisition in future years, along with the authority to issue up to an additional \$102 million in General Obligation bonds in support of this program.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 07-3856.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 07-3857, APPROVING THE NATURAL AREAS ACQUISITION REFINEMENT PLAN FOR THE CHEHALEM RIDGETOP TO REFUGE TARGET AREA

Date: September 20, 2007

Prepared by: Jim Desmond
Kathleen Brennan-Hunter

BACKGROUND—REFINEMENT PROCESS

The Natural Areas Bond Measure (Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted by the Metro Council March 9, 2006) provided that Metro would undertake a “Refinement Process” to “gather additional information about each individual target area and begin zeroing in on particular parcels that would be valuable to acquire” (Exhibit A to Resolution No. 06-3672B). In addition, the Natural Areas Implementation Work Plan (Resolution No. 07-3766A, “Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007) authorized the Metro Chief Operating Officer to acquire properties without further Council approval if they have been identified on a Council-approved target area “confidential refinement map.” To implement those directives, the Refinement Plans for each target area contain overall target area objectives and confidential tax-lot specific target area maps identifying priority properties for acquisition, enabling Metro staff to begin the acquisition of property and property rights as detailed in the Natural Areas Implementation Work Plan.

Additional background information, target area information, a description of the specifics of the refinement process regarding this target area, and the refinement plan’s findings, goals, and objectives are described in further detail in Exhibit A to this resolution, the Chehalem Ridgetop to Refuge Target Area Refinement Plan.

ANALYSIS/INFORMATION

1. **Known Opposition**

None.

2. **Legal Antecedents**

Resolution No. 06-3672B, “For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisition and Water Quality Protection,” adopted on March 9, 2006.

The voters’ approval of Metro’s 2006 Natural Areas Bond Measure at the general election held on November 7, 2006.

Resolution No. 07-3766A “Authorizing the Chief Operating Officer to Purchase Property With Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan,” adopted by the Metro Council on March 1, 2007, established the Acquisition Parameters and Due Diligence Guidelines for the purchase of properties as part of the 2006 Natural Areas Bond Program.

3. **Anticipated Effects**

Acquisition of natural area properties in the Chehalem Ridgetop to Refuge target area to achieve the goals and purposes of the 2006 Natural Areas Bond Measure.

4. **Budget Impacts**

The FY 2007-08 budget includes budgetary authority to purchase \$35 million in natural area lands, with an additional \$15.4 million in contingency, if necessary. It is estimated, based on historical spending patterns, that this authority will be sufficient to cover the anticipated acquisition activity for this fiscal year. Additional unappropriated fund balance (\$64 million) exists for land acquisition in future years, along with the authority to issue up to an additional \$102 million in General Obligation bonds in support of this program.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 07-3857.

Summary of Comments from Stakeholder Interviews for Chehalem Ridgetop to Refuge Target Area

Stakeholder(s) Interviewed

Tom Gable, Parks Director, City of Forest Grove
Residents on west slope of Chehalem Ridge east of Spring Hill Road

- Sierra Briano, Gaston, OR
- Marjorie Greenhut, Gaston, OR
- Bob Oswald, Gaston, OR
- Ray & Gretchen Keefer, Gaston, OR
- Carol Hart-Canon, Gaston, OR

Key Themes Discussed

Water Quality

- The forested uplands of the Chehalem Ridge are headwaters for intermittent tributaries flowing east and also connecting west to Wapato Lake area. Springs and ground water are also a water supply to adjacent residences.

Wildlife Habitat

- The oak Savannah areas on the west face of the ridge are a valuable habitat and an important link with the Wapato Lake area.
- The small tributaries in the southwest area of Chehalem Ridge offers riparian links to Wapato Lake.

Land Use / Urban / Rural Form

- The forested ridge line is an important feature in the Washington County setting.
- A large forest area could, in the future, become a major park facility similar to Forest Park providing both habitat benefits and recreational / educational opportunities. The upper areas offer excellent territorial views.
- Gaston is looking to recreation / education as a future economic benefit for the community.

Miscellaneous Comments

- Recent master planning by Tualatin Hills Parks and Recreation District includes development of a Cooper Mountain Regional Trail to connect east-west between the Westside/Powerline Trail and the Burlington-Northern Trail through Cooper Mountain Nature Park.
- Tualatin Hills Parks and Recreation District recently acquired a 20-acre parcel just east of Cooper Mountain Nature Park, and is working with landowners to acquire right-of-way to connect the parcels by trail.

QUESTIONNAIRE

TARGET AREA: CHEHALEM RIDGETOP TO REFUGE

In November 2006 voters directed the Metro Council to extend a regionwide program and acquire between 3,500 and 4,500 acres of additional natural areas to protect water quality and fish and wildlife habitat and to provide future generations opportunities for greater access to nature. Now it's time for the Metro Council to refine priorities in the 27 regional natural areas and trail corridors targeted for acquisition. Initial estimates are that a minimum of 400 acres of land would be protected within this target area.

The Metro Council wants your ideas and input. We've been talking with scientists, land-use experts, groups and individuals who have special knowledge about the natural resource values and community visions for these areas. With this information Metro has begun to identify the potential strategies and opportunities that will achieve the best results. Now we need to know: Do we have it right? What have we missed? What is most important to you?

2006 NATURAL AREAS BOND DESCRIPTION FOR THIS TARGET AREA

The northern end of the Chehalem Mountains provides opportunities for the protection of large, undeveloped tracts of forestland to protect water quality and wildlife connections from this mountain range to area river bottomlands.

QUESTIONS

- 1. The following priorities were identified in the Chehalem Ridgetop to Refuge target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity, restoration potential and/or public access and trails and from information provided by key stakeholders in the area. Rank in order of importance to you from 1 to 3, with 1 being the most important and 3 being the least important.**

_____ Protecting forestlands on the Chehalem Ridge to enhance water quality and wildlife habitat and to provide the public with future recreation and educational opportunities. **(Map area A)**

_____ Protecting the rare upland prairie and oak savannah habitat along with lands along creeks and streams on the western slope of the Chehalem Ridge to provide connections between the ridge top and Wapato Lake and complement protection efforts in the Wapato Lake target area. **(Map area B)**

_____ Supporting future recreational trail opportunities by securing potential trail corridors connecting Wapato Lake and/or Gales Creek to the Chehalem Ridge. **(see Map arrows)**

- 2. In general, what should be emphasized in the Chehalem Ridgetop to Refuge target area? Rank in order of importance to you from 1 to 4, with 1 being the most important and 4 being the least important.**

_____ Protecting the regionally-rare oak savannahs and upland prairies and lands along the streams and creeks on the western slope of the Chehalem Ridge.

_____ Protecting large stands of existing forested areas on the upper Chehalem Ridge.

_____ Providing a natural buffer between urban development and farm and forest land in the area.

_____ Protecting lands that will allow opportunities for future public access for recreation, including trails and wildlife watching areas.

3. **Are there other priorities that the Metro Council should consider in the Chehalem Ridgetop to Refuge target area? Please be specific.**

4. **Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area?**

5. **Are you interested in participating in Metro's Natural Areas program by selling or donating your property or selling or donating a conservation easement on your property?**

Yes No If yes, please be sure to provide your contact information below.

6. **Do you have any other comments about this target area?**

Please add my name to the Chehalem Ridgetop to Refuge target area mailing list for future information, public meetings and events.

Name _____

Address _____

City/State/Zip _____

Phone _____

E-mail _____

**You may complete this questionnaire online at
www.metro-region.org/naturalareas**

or mail it to Metro at
600 NE Grand Avenue, Portland, OR 97232
(503) 797-1741

Chehalem Ridgetop to Refuge Survey Results

1. The following priorities were identified in the Chehalem Ridgetop to Refuge target area based on scientific information about benefits to water quality, habitat diversity, wildlife connectivity, restoration potential and/or public access and trails and from information provided by key stakeholders in the area. Rank in order of importance to you.

	most important		least important	Rating Average	Response Count
Protecting forestlands on the Chehalem Ridge to enhance water quality and wildlife habitat and to provide the public with future recreation and educational opportunities. (Map area A)	40.0% (6)	46.7% (7)	13.3% (2)	1.73	15
Protecting the rare upland prairie and oak savannah habitat along with lands along creeks and streams on the western slope of the Chehalem Ridge to provide connections between the ridge top and Wapato Lake and complement protection efforts in the Wapato Lake target area. (Map area B)	50.0% (8)	31.3% (5)	18.8% (3)	1.69	16
Supporting future recreational trail opportunities by securing potential trail corridors connecting Wapato Lake and/or Gales Creek to the Chehalem Ridge. (see Map arrows)	12.5% (2)	25.0% (4)	62.5% (10)	2.50	16
	<i>answered question</i>				16
	<i>skipped question</i>				0

2. In general, what should be emphasized in the Chehalem Ridgetop to Refuge target area? Rank in order of importance to you.

	most important			least important	Rating Average	Response Count
Protecting the regionally-rare oak savannahs and upland prairies and lands along the streams and creeks on the western slope of the Chehalem Ridge.	56.3% (9)	25.0% (4)	18.8% (3)	0.0% (0)	1.63	16
Protecting large stands of existing forested areas on the upper Chehalem Ridge.	26.7% (4)	53.3% (8)	13.3% (2)	6.7% (1)	2.00	15
Providing a natural buffer between urban development and farm and forest land in the area.	0.0% (0)	20.0% (3)	53.3% (8)	26.7% (4)	3.07	15
Protecting lands that will allow opportunities for future public access for recreation, including trails and wildlife watching areas.	18.8% (3)	6.3% (1)	12.5% (2)	62.5% (10)	3.19	16
<i>answered question</i>						16
<i>skipped question</i>						0

3. Are there other priorities that the Metro Council should consider in the Chehalem Ridgetop to Refuge target area? Please be specific.

The connectivity of the upland area to Wapato Lake cannot be stressed enough.

If you have been to Sherwood you know what can and probably WILL happen if action is not taken to preserve Chehalem Ridgetop to Refuge area. Some landowners have filed a Measure 37 claim to divide their acreage. This kind of development would destroy the Chehalem Ridgetop.

Prevent the development of housing in the area.

Somehow either by purchase or other means prevent the Measure 37 claims on large properties. Declare this area a wildlife habitat protected by law identify endangered plants and animals and protect them by making this area a park

Encourage eco-tourism--bed and breakfast with trial rides; for example.

Rare plants, Red Legged frog and native turtle habitat, Salmonoid habitat in Gales Creek area and expand to other potential creeks.

Balancing protection of upper Chehalem ridge from future development while allowing small rural homes on 5 acres on Western slope with green spaces and trails (planned development on Western slope) to enhance balance of public and private use.

Land protection should be priority one in that area. Owners of Christmas tree farms and animal farms should be contacted for easements.

Like all the projects which would preserve land along ridgetops, buttes, etc., this project would also enhance the quality of life for all in the visible area by providing us with views of greenery and open spaces along our hilltops, instead of McMansions. This greatly adds to the feeling of even more natural area, instead of urbanization and sprawl.

Because of the large lot size in this area, I think the area is especially ripe for naturesscaping-type education. Property owners - farm and residential - should be targeted for education on how to manage their properties in a sustainable, and environmentally friendly way. Show them how to be a part of the wildlife system rather than a disruption to it.

4. Do you have suggestions about partnerships Metro should pursue or other innovative ways to leverage regional funding and enhance this natural area? If so, please specify.

Perhaps Metro partnering with the City of Forest Grove to acquire land surrounding the AT Smith house.

Approach landowners about the possibility of them donating their land. Get the communities of Forest Grove and Gaston involved somehow in fund raising events ie earth day fair, walks through the target areas, programs in conjunction with other wildlife refuge areas such as Jackson Bottom Wetlands.

"Sin" taxes

1000 friends of Oregon

Work with Nature Conservancy

Use wineries in efforts to promote tourism, work with recreational and scenics on way to wine country.

Purchase upper Chehalem Ridge and rework map on Section B to purchase/reserve Greenspace to promote planned development in the downslope that promotes 'planned development' on small rural sites.

All the usual partners you might wish to join you - at the state and local levels. Three Rivers Land Conservancy and the Tualatin Watershed Council to get you started.

5. Do you have any other comments about this target area? If so, please specify.

I am a member of the Friends of Historic Forest Grove and a member of a committee to preserve the AT Smith House. You may be aware that the AT Smith house is one of the most historically significant existing houses in Oregon. I believe that the potential for that property, which we now own, is fantastic. Our ultimate goal is for it to become a Regional Park or Historic Operating Farm. It is my opinion that our property has the potential for being developed into an area similar to Champoeg State Heritage Area. The biggest issue we face is to have surrounding land in some type of public ownership so that a more significant project can be developed.

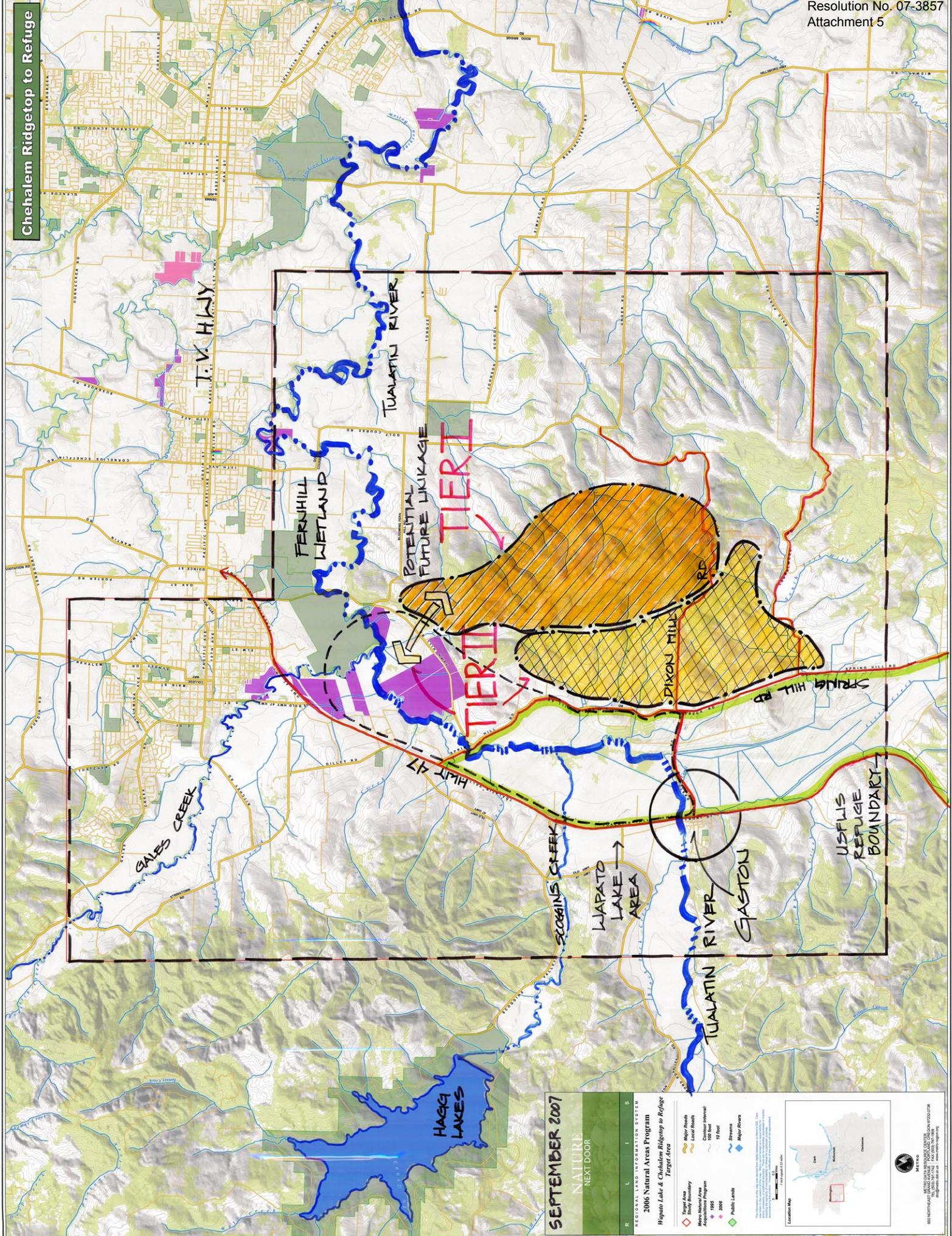
I live adjacent to the target area and in the 13 years that I've lived there I have seen a wide variety of wildlife including but not limited to; elk, deer, nutria, beaver, wild turkeys, owls, hawks, vultures, skunk, porcupine. I have heard of cougar and bear sightings. In addition, my property alone is home to over 9 varieties of trees, numerous wildflowers, native plants and birds. Also, in the time I have lived there, I have noticed a diminishing of wildlife as the forest gets logged off.

It is a beautiful area with many different species of native plants, deer, elk, raccoon, frogs, ponds, creeks etc and needs to be preserved as the logging companies, left to their own devices, are wrecking it.

I am thrilled this area is a target for preservation-soils plants and wildlife and walkway.

Viewsheds should also be protected, from above and below. Cell towers kept to a minimum. (There are already too many.) And illegal dumping on the side of the road controlled.

Chehallem Ridgetop to Refuge



SEPTEMBER 2007
NATURE
NEXT DOOR

REGIONAL LAND INFORMATION SYSTEM
2006 Natural Areas Program
Wapato Lake & Chehallem Ridgetop to Refuge
Target Area

- Target Area
- Major Road
- Local Road
- County Interval
- 1992
- 2006
- Public Lands
- Streams
- Major Rivers

Location Map

METRO
001 NORTH LAKE DRIVE
PO BOX 10000
SEASIDE, WA 98148
PH: 206.462.1000
WWW.METRO-ORANGE.COM